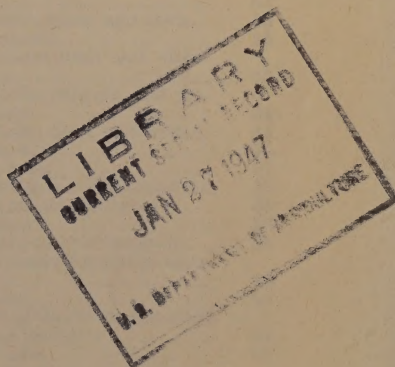


1956  
A2 R29  
cop. 6

---

**Report of the Administrator**  
**of the**  
**Production and Marketing**  
**Administration**  
**1946**

---



UNITED STATES DEPARTMENT OF AGRICULTURE

---



# CONTENTS

	Page		Page
The Production and Marketing Administration.....	1	Dairy products—Continued	
Organization of PMA.....	3	Grading.....	41
Commodity branches.....	3	Assistance to industry.....	42
Functional branches.....	5	Fats and oils.....	42
Staff offices.....	8	Production and procurement.....	42
Procurement.....	9	Loans and price support.....	43
The famine emergency program.....	10	Regulation.....	44
Wartime controls.....	13	Fruits and vegetables.....	44
Price-support programs.....	14	Production.....	44
Postwar reserve for price support.....	15	Allocations.....	44
Subsidy operations.....	15	Price control and subsidies.....	45
Federal crop insurance.....	15	Support programs.....	45
Agricultural conservation program.....	17	Preventing food waste.....	47
Food-distribution programs.....	24	Surplus disposal and sales.....	47
Direct distribution.....	24	Disposal of surplus plants and equipment.....	48
School lunch.....	24	Regulation.....	48
Food preservation.....	25	Market news.....	50
Industrial feeding.....	25	Standardization and inspection.....	51
Marketing abundant foods.....	25	Grains, pulses, feeds, and seeds.....	53
Distributive trades.....	26	Grain exports.....	53
Fat salvage.....	26	Feed conservation and distribution.....	53
National garden.....	26	Loans, price support, and procurement.....	54
Nutrition.....	26	Rice, beans, peas, and seeds.....	54
Marketing facilities.....	27	Regulation.....	56
Market organization and facilities.....	27	Market news.....	57
Warehousing.....	28	Standardization and inspection.....	57
Transportation conservation and investigation.....	28	Livestock, meats, and wool.....	58
Transportation rates and services.....	29	Production.....	58
Labor.....	30	Subsidies and price support.....	59
Materials and equipment.....	31	Orderly marketing and procurement.....	60
Shipping and storage of CCC-owned nonbasic agricultural commodities.....	32	Regulation.....	61
Compliance and investigation.....	33	Disposal of Government-owned surplus products.....	62
Commodity programs.....	35	Market news.....	62
Cotton.....	35	Standardization, inspection, and grading.....	62
Production, loan, purchase, and export programs.....	35	Poultry and eggs.....	63
Standardization.....	36	Production.....	63
Marketing research.....	37	Prices and price support.....	63
New-use programs.....	38	War Food Orders.....	64
Dairy products.....	39	Disposal of Government-owned surplus products.....	65
Production, allocation, and price-ceiling adjustments.....	39	Market news.....	65
Subsidies.....	39	Standardization, inspection, and grading.....	65
Food orders and marketing agreements.....	39	Programs for orderly distribution.....	65
Disposal of dairy products.....	41	Developing, processing, and marketing economies.....	66
Market news.....	41	Sugar.....	66
		International allocations.....	66



	Page		Page
Sugar—Continued		Tobacco—Continued	
Purchase programs-----	66	Marketing quotas-----	70
Price support-----	67	Materials and facilities-----	71
Sugar Act activities-----	68	Other commodities-----	71
War Food Orders-----	68	Production, allocation, and	
Program costs, distribution,		price ceilings-----	71
and stocks-----	68	Subsidies and price support---	72
Tobacco-----	68	Procurement-----	73
Production-----	68	Foreign purchase programs---	73
Loans and price support-----	69	Regulation-----	74
Market news-----	69	Disposal of commodities-----	75
Standardization and inspec-		Miscellaneous marketing ac-	
tion-----	70	tivities-----	75



## REPORT OF THE ADMINISTRATOR OF THE PRODUCTION AND MARKETING ADMINISTRATION, 1946

---

UNITED STATES DEPARTMENT OF AGRICULTURE,  
PRODUCTION AND MARKETING ADMINISTRATION,  
Washington, D. C., October 15, 1946.

HON. CLINTON P. ANDERSON,  
*Secretary of Agriculture.*

DEAR MR. SECRETARY: I present herewith the report of the Production and Marketing Administration for the fiscal year ended June 30, 1946.

Sincerely yours,

ROBERT H. SHIELDS, *Administrator.*

---

### THE PRODUCTION AND MARKETING ADMINISTRATION

The Production and Marketing Administration was established in August 1945 in recognition of the fact that it is increasingly important to coordinate programs falling into the production and distribution fields.

Establishment of PMA involved consolidating and redistributing the functions, powers, personnel, and property of the Office of Basic Commodities, the Office of Supply, the Office of the President of the Commodity Credit Corporation, the Offices of the Manager and Secretary of the Federal Crop Insurance Corporation, the Office of Marketing Services, the Agricultural Adjustment Agency, the Office of Requirements and Allocations, the Office of Price, the Office of Labor, the Office of Home Food Supply, the Office of Investigatory Services, and the Federal Surplus Commodities Corporation (in liquidation). By June 30, 1946, the integration of these 14 predecessor agencies was largely completed.

From an administrative standpoint, this integration has eliminated a great many duplications in function and has brought about increased efficiency of operation. More important, however, it has provided the mechanism for a joint approach to a number of complex problems of agricultural output and farm-product distribution that must be faced in the not-distant future.

Right at the top of the list of postwar problems is the problem of conserving our national soil and water resources. Farmers themselves are aware of the importance of conservation.

Before the war, and to some extent during the war, farmers had made important shifts toward conservation farming. These shifts, under the guidance and assistance of county and community farmer committeemen, must continue.

More and more, farmers are adapting their over-all production pattern to meet changing domestic and world demands. This is being accomplished through the establishment of production "goals." First used for all major crops and livestock in 1942, production goals have been set each succeeding year to guide American farmers in producing emergency war and postwar requirements.

Here again, farmer committeemen lend a hand. Committeemen, through their familiarity with the production resources of their own States and communities, help to develop the goals. Following approval of the goals by State USDA councils and the Secretary of Agriculture, the committeemen "carry the goals down the road" to the individual farmer.

Congress has provided—through loans, purchases, and other operations—price supports for many of the important agricultural commodities. The price support programs, administered by PMA, helped to increase production of needed food and fiber during the war and are aiding farmers now to reconvert from a wartime to a peacetime production basis. The protection of farm income must always be a basic objective in all farm program operations.

A higher production level on the farm, regardless of how it is achieved, lays a heavier responsibility on government for the development of an adequate distributive system. Market outlets must be widened as production increases, or the benefits of increased efficiency on the farm will be lost by both producers and consumers.

Recent experience in providing food for famine areas furnishes proof—if proof were ever needed—that the so-called crop surpluses of the 1930's are largely the result of poor distribution on a world-wide basis rather than overproduction on a domestic basis. The farmer's interest in the development of a wider world market is clear-cut.

Research can find new uses for products in heavy supply or alternate uses for products that are meeting competition from substitutes. More rapid progress will be made in this direction under legislation passed by the last Congress—the Research and Marketing Act of 1946.

Widening the market outlet by improving the nutritional status of the American people, particularly of those in the low-income groups where the need for improvement is greatest, is definitely practicable. Progress has been made in this direction through experience gained in the administration of programs for free and low-cost school lunches, low-cost milk, the food stamp plan, and various other plans for direct free distribution. Education in the elements of good nutrition should continue to pay rich dividends in the form of a better balanced food consumption.

The ground work has been well laid when it comes to services that promote the physical handling of farm commodities. Standards have been developed on a mandatory or permissive basis for practically all farm products. Uniform application of those standards is maintained through the widespread operations of Federal and Federal-State inspectors, graders, and classers. A well-developed program of marketing statistics furnishes the basis for more precise planning of farm-product distribution. Agricultural marketing has been implemented greatly during the past 25 years by regulatory statutes, such as the Commodity Exchange Act, the Perishable Agricultural Commodities Act, the Packers and Stockyards Act, and others which help to main-



tain and develop honest practices. Work aimed at bringing about more equitable freight rates has saved producers and consumers millions of dollars.

But more needs to be done—for example, the replacement of antiquated, inadequate, and inefficient marketing facilities in the large consuming centers. Nor has the surface been scratched when it comes to the elimination of State barriers to internal trade in farm products. In the solution of these and other problems related to the physical handling of agricultural commodities, the Research and Marketing Act of 1946 is again expected to lead the way.

#### ORGANIZATION OF PMA

The need for coordinated progress in the fields of production and distribution was a prime consideration with the Committee on Organization, which recommended the establishment of the Production and Marketing Administration. This committee was headed by Milton E. Eisenhower, president of Kansas State College of Agriculture and Applied Science. In addition to key officials of the Department of Agriculture, the committee included J. W. Tapp, vice president of the Bank of America; G. B. Thorne, vice president of Wilson & Co.; and Dr. E. W. Gaumnitz, executive secretary of the National Cheese Institute.

The committee felt that the integration of 14 agencies in one administration would simplify the over-all organization of the Department by dividing its administrative structure into three general spheres of operation: (1) The Agricultural Research Administration, which includes the basic research bureaus such as Animal Industry and Plant Industry, Soils, and Agricultural Engineering, (2) the Production and Marketing Administration, which embraces most of the Department's "action" programs, and (3) a number of independent agencies with highly specialized functions—Soil Conservation Service, Extension Service, Farm Credit Administration, Farm Security Administration, Forest Service, Rural Electrification Administration, the Bureau of Agricultural Economics, and the Office of Foreign Agricultural Relations. The head of each of these agencies is responsible to and reports directly to the Secretary of Agriculture.

#### COMMODITY BRANCHES

The organizational structure of PMA is laid out, primarily, along commodity lines.

Within PMA are 10 commodity branches—Cotton, Dairy, Fats and Oils, Fruit and Vegetable, Grain, Livestock, Poultry, Special Commodities, Sugar, and Tobacco. In general, these branches have responsibility for: (1) Planning and recommending production goals and encouraging achievement of these goals through adjustments, marketing quotas, import or export programs, and other activities; (2) making recommendations for support and maintenance of farm prices, and in most cases executing plans for carrying out governmental commitments through loans, support prices, subsidies, diversion, and purchases; (3) keeping informed on supply and demand and participating in supply estimates and allocation recommendations; (4) developing and executing programs to assist in processing and orderly distribution of farm products; (5) arranging for sales and distribution of Government-owned surplus products through the



school lunch program and other outlets; (6) developing programs to improve and effect economies in processing and marketing agricultural products; (7) collecting and disseminating market news; (8) developing standards and conducting grading, inspection, and classing services; (9) cooperating with industry and with other agencies of the Department in developing new and substitute products and new uses for old products; (10) maintaining contact with industry advisory committees; (11) administering marketing agreements and orders; (12) initiating, developing, and administering the War Food Orders; (13) making recommendations on the time, extent, and conditions of rationing; (14) reviewing and making recommendations concerning maximum-price regulations; (15) giving assistance in the handling of priority applications for materials and equipment; and (16) administering regulatory and other acts as assigned.

Regulatory and marketing service acts assigned to commodity branches include administration of the following: Cotton Branch—Cotton Statistics, Standards, and Futures Acts; Fruit and Vegetable Branch—Standard Container Acts of 1916 and 1928, Produce Agency Act, Perishable Agricultural Commodities Act, and Export Apple and Pear Act; Grain Branch—U. S. Grain Standards Act, and the Federal Seed Acts; Livestock Branch—Packers and Stockyards Act, Insecticide Act of 1910, Wool Standards Act, and Meat Inspection Act<sup>1</sup>; Special Commodities Branch—Naval Stores Act; Sugar Branch—Sugar Act of 1937; and Tobacco Branch—Tobacco Compact Act, Tobacco Inspection Act, Tobacco Stocks and Standards Acts, and Tobacco Seed and Plant Exportation Act.

Much of the work of the commodity branches is handled in the field. Grading, inspection, and classification services—a large part of them carried on in cooperation with State and other governmental agencies—are available in most of the principal producing areas, receiving centers, or other convenient localities. Daily reports on prices, supplies, and movement of the principal farm commodities are issued by offices in producing sections and terminal markets. Other types of activity, such as purchases, sales, loans, and food-order administration, also involve extensive field operations.

The Commodity Credit Corporation, prior to the reorganization of the Department and the establishment of PMA in August 1945, had administrative responsibility for many USDA program operations. Following the reorganization, CCC has served primarily as a financing and control agency, operating within the framework of PMA. Policy recommendations and program administration, formerly the responsibility of CCC, are now the responsibility of PMA branches and staff offices.

Under PMA, the appropriate branch develops and recommends a commodity program, which is then submitted to the CCC board of directors for review. Except for the Secretary of Agriculture (who is chairman of the board), the Under Secretary, and the Assistant Secretary, all other board members are PMA officials. If the board approves the recommended program, CCC finances the operation, but

<sup>1</sup> Work under the Meat Inspection Act and the 28-hour law was transferred to the Bureau of Animal Industry, effective Oct. 1, 1946.

the initiating branch has administrative responsibility for the program.

Agricultural price-support programs authorized by Congress to maintain agricultural prices and income during the reconversion period have been largely financed by CCC. Under these programs, CCC makes loans on wheat, corn, cotton, and other storable commodities. Products purchased by the Corporation for price support include among others soybeans, peanuts, potatoes, and wool. CCC acts as purchasing agent for many Government procurement programs, including purchases for the armed forces and for the United Nations Relief and Rehabilitation Administration, and also acts as agent in other special programs related to export and import operation.

#### FUNCTIONAL BRANCHES

Although the commodity branches are responsible for specific commodities or groups of commodities, PMA's functional branches "cut across" commodity lines and handle specific broad types of work that might involve many commodities. These branches are: Field Service; Crop Insurance; Materials and Equipment; Marketing Facilities; Food Distribution Programs; Labor; Compliance and Investigation; Fiscal; Budget and Management; and Shipping and Storage.

The Field Service Branch carries on most of the functions of the former Agricultural Adjustment Agency. It is responsible for developing and carrying out in States and counties several action programs authorized under the Soil Conservation and Domestic Allotment Act, the Agricultural Adjustment Act of 1938, and related legislation. Objectives of these programs are (1) to maintain and improve soil and water resources on farms and ranches; (2) to guide farmers in producing agricultural commodities in the amounts needed; and (3) to stabilize farm prices and income. The branch administers the field programs of other PMA branches, as assigned by the Administrator. Important activities of the branch include (1) administration of the Agricultural Conservation Program; (2) assistance in developing farm production goals; (3) administration of commodity loan and purchase programs using Commodity Credit Corporation funds; (4) handling payments under the Sugar Act of 1937; (5) sales and certain other work connected with the Federal crop insurance program; (6) administration of the naval stores conservation program; and (7) other assigned programs.

Administration of these PMA programs in the States and counties is supervised by the branch in Washington. State PMA committees of farmers, appointed by the Secretary of Agriculture, administer the programs in the States. Elected county and community committeemen administer the programs locally.

The farmer committeemen, with their day-by-day knowledge of local farm problems, are an integral part of the conservation and adjustment programs. For the 1946 fiscal year, the community committeemen worked an average of 5.4 days; county committeemen worked an average of 41 days. The committeemen are paid for the time devoted to program administration.

When PMA and other agencies of the Department of Agriculture swung into the famine emergency program (see p. 10) midway in



the fiscal year, State and county committees were given important roles. Contacts that existed between committeemen and farmers made the Nation-wide organization particularly effective at a time when a large volume of food for export had to be obtained quickly.

The first assignment came when the committees were asked to help speed the movement of wheat from farms and to encourage farmers to market more than a normal portion of their wheat. Transportation difficulties impeded the initial response, but the movement from farms was accelerated in late spring under the spur of the certificate bonus plan. County committees and State PMA offices administered the field details of both the wheat- and the corn-purchase programs.

Another important assignment came to State PMA directors and county committee chairmen in March when they were designated the State and county managers for the emergency food program. As such, they helped materially in the distribution of educational and informational materials designed to promote food conservation. (See p. 13.)

Farmer committeemen also assisted in the development and promotion of the 1946 farm production goals. The 1946 goals, which called for another year of full production, were first established in the fall of 1945. But in February 1946 the Secretary as a result of the famine emergency made several important last-minute changes, the goals being increased for plantings of spring wheat, corn, soybeans, and dry beans and decreased for production of turkeys. The farmer committeemen carried word of these changes to farmers in time to enable producers to adjust their 1946 production plans.

The Crop Insurance Branch is responsible for the formulation and administration of major phases of the work of the Federal Crop Insurance Corporation of the Department. Sales to farmers are made under the supervision of county agricultural conservation committees, and adjustment of losses is handled by adjusters directly responsible to the corporation. Federal crop insurance programs are carried out under the basic authorization of title V of the Agricultural Adjustment Act of 1938 (the Federal Crop Insurance Act), as amended. The program aims to give farmers the best protection possible and to make premiums balance indemnities. Federal crop insurance is available nationally to producers of wheat, cotton, and flax. Protection is against loss of yield, the degree of protection increasing as the growing season progresses. During the past year trial programs were available on corn and tobacco in 19 representative counties for each commodity. Two plans were available—one protecting against loss up to 75 percent of the grower's investment, calculated in dollar value, and a second plan (for corn only) protecting against loss in yield. Tobacco was protected against loss in both yield and quality.

The Materials and Equipment Branch works with industry and appropriate governmental agencies to obtain machinery, supplies, and facilities required for food production and processing. It is responsible under the Surplus Property Act for insuring equality in purchasing surplus property by farmers and provides special assistance where food production is impaired. The branch administers the food section of Order M-81 (controlling use of metal for cans), issued by the Civilian Production Administration, and cooperates with CPA in formulating and administering programs for production and dis-



tribution of all types of containers and packaging and agricultural textiles.

The Marketing Facilities Branch handles adjustments in freight rates and services for food agencies and growers; administers section 201 (Public Law 320), Agricultural Adjustment Act of 1938. It acts on shortages of and reports on and improves transportation facilities and methods. The branch plans and assists in improving market facilities and methods of the physical handling of food products, and administers assigned food orders. It administers the 28-hour law, (see footnote 1, p. 4), which provides for the care and feeding of livestock in transit, and the United States Warehouse Act, which authorizes the Federal licensing of warehouses in which agricultural commodities are stored for shipment in interstate commerce. It inspects warehouses storing USDA-owned products, and it issues cold-storage and margarine reports.

The Food Distribution Programs Branch formulates and develops programs for widening the market for farm products and for raising the nutritional status of the Nation's people. Working with the distributive trades and through such programs as school lunch, industrial feeding, direct distribution, and community food preservation, the branch helps to provide an outlet for plentiful foods and furnishes an educational basis for a permanently enlarged market for such foods. Participation in the school lunch program is expected to grow under the permanent school lunch program authorized by the National School Lunch Act, passed June 4, 1946.

The Labor Branch assists in recruiting labor for the production, harvesting, and preparation for market of agricultural commodities and, under certain conditions, in supplying workers for packing, canning, or freezing these commodities. When necessary, it recruits foreign labor and assists in transporting, placing, housing, feeding, and providing medical care for farm workers. The branch has developed a farm wage stabilization program and it administers wage regulations applicable to agricultural labor. It assists veterans, displaced industrial workers, and others in obtaining agricultural employment. The branch operated farm-labor supply centers during the past year at 180 sites in 27 States, mostly rural areas.

The Compliance and Investigation Branch makes investigations in connection with marketing agreement and order programs; Commodity Credit Corporation subsidy payments, loans, and purchases; agricultural conservation and marketing-quota programs; purchasing, shipping, storage, and sales under the lend-lease program and other foreign procurement programs; wage stabilization; War Food Orders; and certain regulatory acts. The branch conducts accounting investigations, and installs and services accounting systems for market administrators and for other persons and agencies if required. It also administers the Commodity Exchange Act.

The Fiscal Branch formulates policies and procedures with respect to the fiscal and related activities of PMA, its agents, and others financed with PMA funds. It maintains control accounts and records and prepares fiscal reports on PMA financial operations.

The Budget and Management Branch is responsible for the budgetary procedure, administrative management, organization, personnel, and administrative-services functions of PMA.

The Shipping and Storage Branch is responsible for shipping, storing, and delivering assigned commodities in accordance with export and domestic delivery programs. It serves as liaison with Federal agencies and other groups on shipping and storage activities.

#### STAFF OFFICES

PMA has six staff offices, which, like the functional branches, cut across commodity lines. These offices are Foreign Programs Coordination; Information Service; Audit; Price; Requirements and Allocations; and Transportation.

The Office of Foreign Programs Coordination is the contact point between the PMA commodity branches and staff offices on the one hand, and certain foreign governments, other Government agencies, and relief agencies on the other, in dealings connected with the purchase of, shipment to, or receipt of United States produced agricultural commodities. Representatives of foreign governments receiving agricultural commodities under a PMA program submit lists of their shipping requirements to this office.

The Information Service is responsible for collecting and disseminating factual information on programs and operations of PMA. It acts as a "service" organization, furnishing requested information to other Government agencies, producers, processors, trade associations, newspapers, trade and general magazines, wire services, and radio stations.

The Office of Audit formulates the audit policies and directs the audit and examining activities of PMA, its agents, and others financed by PMA funds. It conducts cost analyses of commercial organizations or individuals contracting with PMA, in order to provide the financial data to enable PMA officials to renegotiate or terminate contracts.

The Office of Price supervises all PMA functions relating to the formulation of price-support programs, including the price aspects of marketing agreements and orders, the formulation of price-stabilization programs, and the approval of maximum-price regulations. The office also acts for the Department in approving maximum-price regulations and other activities relating to the stabilization program. It clears all maximum-price regulations requiring approval by the Secretary of Agriculture. It either conducts or supervises all relations of the Department with other Government agencies—including the Office of Price Administration and the Office of Economic Stabilization—relating to price stabilization activities.

The Office of Requirements and Allocations serves as a technical and advisory staff to recommend national and international plans for the distribution of food. The office makes sure that the plans presented to the Secretary of Agriculture reflect the combined viewpoint of the interested United States Government agencies and, in the case of international proposals, the negotiated agreement of the other countries participating. It serves as the focal point for all food-requirement information, including forward requirements for production goals and for supply estimates. It directs the system of interagency and commodity committee work through which allocations are prepared and agreement is reached.

The Transportation Officer formulates general transportation policies and coordinates transportation functions of PMA. He serves as liaison between the PMA and other Government or private transportation agencies with respect to transportation of farm products not owned by the Government. He assists PMA officials in the formulation of plans and procedures with respect to PMA transportation matters.

#### PROCUREMENT

Procurement of food constituted by far the largest single "action" program carried on by the new Production and Marketing Administration during the year. The program, in its entirety, involved the purchase of huge quantities of domestically produced commodities, as well as the procurement in foreign countries of a few items in short supply, such as fats and oils, sugar, fish, protein meals, tea, and rice.

Foods purchased under this coordinated operation went to meet the needs of cash-paying foreign governments, such as those of Great Britain, France, and Belgium; to the countries being assisted by UNRRA; to the armed forces of the United States, both at home and abroad; to other Government agencies, such as the Veterans Administration; and to American Territories.

With the end of the war in Europe and the collapse of Japan, the over-all program for supplying commodities to foreign claimants was reviewed. The curtailment or complete cessation of shipments on a lend-lease basis did not alter basic food requirements of foreign claimants; it was still necessary for them to obtain commodities from the United States. Inasmuch as lend-lease funds could no longer be used for procurement and stockpiling, PMA announced that all prospective shipments of food must be covered by firm contracts and by the deposits in advance of funds to cover the estimated cost. Contracts were negotiated with foreign claimants on this basis and by the end of the fiscal year over 190 such contracts were completed covering commodities with an estimated value of \$483,384,000.

On VE-day, the Department of Agriculture had under contract and in inventory specialized products for the former lend-lease recipients of agricultural items. These products were urgently required and the cancellation of contracts or immediate liquidation of inventories would have resulted in large financial losses to the Government. In view of these and other considerations, the Foreign Economic Administration negotiated lend-lease "pipe line" arrangements with the United Kingdom, France, Belgium, the Netherlands, the U. S. S. R., and the Dutch Army to facilitate the shipment of limited quantities of such items. Under the original arrangements, shipments would have ceased as of June 30, 1946, but during June the pipe-line delivery schedule was extended to December 31, 1946, for the small unshipped balances destined for the Netherlands, the United Kingdom, and France.

During the first few months of the fiscal year deliveries to UNRRA reached an all-time peak. For the first time since the war began, ocean tonnage became freely available and distribution facilities in Europe were restored to such an extent that a large volume of commodities could be moved. On several occasions, however, deliveries



to UNRRA declined somewhat in view of the fact that UNRRA was unable to obtain sufficient funds to purchase full requirements, and in other cases the submission of unexpected requirements for other relief claimants made necessary a readjustment in allocations.

Just as there was a shift in the claimants for United States food, so was there a shift in the type of food exported. This was due primarily to a greater demand for low-cost high-calorie foods, particularly grain, for use in "famine" areas. An analysis of the statistics on food delivered to foreign claimants shows that high-calorie foods—fats and oils, grain and grain products, and sugar and sugar products—made up 71 percent of the total tonnage in 1945–46, as compared with 41 percent in 1944–45. At the same time, protein foods—dairy products, poultry products, and meat—made up 19 percent of the total tonnage in 1945–46, as compared with 40 percent in 1944–45.

Total food exports in 1945–46 reached the unprecedented high level of 17,122,000 long tons (of which PMA procured 51 percent under its purchase operations). The previous high record was set in 1919, following World War I, when 14,046,000 long tons were shipped out of the country.

#### THE FAMINE EMERGENCY PROGRAM

The famine emergency program, carried on during the latter half of the fiscal year, was only one phase of PMA's over-all supply program. But because of the intensive measures adopted to maintain a flow of food into famine areas, this part of the over-all operation deserves special mention.

Many different types of food were shipped under the famine emergency program, including dairy products; meat; fats and oils; miscellaneous items, such as sugar, poultry, and eggs; as well as such grains as corn, rice, oats, and barley. Wheat and wheat products, however, made up the largest single food category on a tonnage basis. And in the procurement of wheat and wheat products more difficult administrative problems were encountered than was the case with any other food.

These problems with regard to wheat and wheat products were difficult to foresee at the beginning of the fiscal year. The United States was still at war with Japan. The surrender of Germany had taken place only a short time before. Our official commitment to export wheat totaled 225 million bushels—a manageable assignment in view of favorable domestic production prospects (we harvested a crop of 1,123 million bushels in 1945), plus a carry-over of 281 million bushels.

Later in 1945, however, it became apparent that the demand for United States wheat and flour would far exceed original estimates. Drought developed in the Mediterranean area, the Danube Basin, South Africa, India, Argentina, Australia—all important grain-producing areas. In the countries war had passed over, transportation and processing facilities were seriously damaged. There were shortages of seed, fertilizer, equipment, and animals. Human strength and will power were at low ebb.

The original commitment, in the light of these developments, was raised from 225 million bushels of wheat to 325 million. By December a more accurate appraisal of needs was possible and the commitment was raised again—this time to 400 million bushels.

It was believed, early in 1946, that exports during the first half of the fiscal year had totaled about 175 million bushels. Accordingly, a goal of 225 million bushels was announced for January-June 1946. Later reports revealed that 192 million bushels rather than 175 million were actually exported during July-December 1945, so that export of only 208 million bushels during January-June would have brought the total to 400 million bushels. But the January-June goal of 225 million bushels was allowed to stand. This meant a fiscal year commitment of 400 million bushels and a fiscal year goal of 417 million bushels.

Late in January 1946, there began to be some doubt whether either the commitment or the goal could be reached. The reason for this doubt is indicated by the following balance sheet of 1945-46-crop wheat supplies, disposition, and stocks:

	<i>Bushels</i>
Carry-over, July 1, 1945-----	281, 000, 000
Production, 1945-----	1, 123, 000, 000
Imports, July-December 1945-----	2, 000, 000
Supply for all purposes-----	1, 406, 000, 000
Exports, July-December 1945-----	192, 000, 000
Shipments to Territories, July-December 1945-----	2, 000, 000
Seed, July-December 1945-----	60, 000, 000
Food, feed, and industrial use, July-December 1945-----	462, 000, 000
Stocks in all positions, Jan. 1, 1946-----	690, 000, 000
Disappearance plus stocks-----	1, 406, 000, 000

By January 1946, as these figures show, our tremendous supply of 1,406 million bushels of wheat had dwindled to 690 million bushels. And if the use of wheat for food, feed, and industry had continued at the July-December rate of 462 million bushels during the January-June period, only 228 million bushels would have remained. That would have been barely enough to meet our export commitment and goal, to say nothing of quantities required for seed and carry-over. It was obviously necessary that we curtail our domestic use of wheat.

President Truman's statement of February 6 called attention to the gravity of the situation abroad and laid down certain measures to be followed at home. These measures, briefly, called for voluntary cooperation of the public in conserving wheat and wheat products, as well as for positive Government action to meet the emergency.

The Production and Marketing Administration moved, under available emergency powers, to carry out the President's directives. A broad program of grain marketing controls was inaugurated, which directly or indirectly affected the procurement of wheat for famine relief. In February, for example, controls were announced which included the following provisions: Prohibition of manufacture of flour of less than 80-percent extraction; tightening of wheat export controls by licensing of exporters; progressive limitation on use of wheat by mixed-feed manufacturers; limitation of wheat inventories of millers and mixed-feed manufacturers; limitation of wheat and flour inventories in the hands of food manufacturers and distributors; a requirement that, at the end of each week, wheat merchandisers and country shippers offer wheat not covered by preference order for sale

to the Government. Further controls prohibited the use of wheat or wheat products in the manufacture of distilled and malted beverages, and restricted the use of all other grains for that purpose.

In March, the Department announced limitations on receipts of wheat millfeeds and restrictions on the use of these products in the manufacture of mixed feeds. An amended order was issued to permit the manufacture of farina; the same order prohibited the sale or delivery of wheat millfeeds to other than feed dealers or flour to other than food manufacturers. The April protein meal "set aside" was raised to 10 percent. The quantity of wheat and other grains permitted to be used by mixed-feed manufacturers in designated western areas was reduced from 85 to 80 percent. Restrictions were issued on purchases and use of corn and other feed grains in a move designed to free more wheat for export by conserving supplies of all grains and to obtain more equitable distribution of market supplies of grain in the United States.

In April, an amended order was issued reducing wheat-inventory limits of millers and mixed-feed manufacturers in 15 States from 45 to 30 days. The Department also announced that it would buy wheat from farmers for immediate delivery to the Commodity Credit Corporation at the market price on any later date the seller might elect on or before March 31, 1947—the so-called certificate plan. Distillers' inventories of grain were limited to a 7½ days' supply based upon daily mashing capacity. Millers were required to reduce production of flour for domestic consumption to 75 percent of the quantity distributed domestically in the corresponding months of 1945. Food manufacturers also were required to limit the use of wheat in the manufacture of products for domestic human consumption to 75 percent of the quantity used in the corresponding months of 1945. It was announced that, effective May 1, millers and food manufacturers would be limited to a 21 days' inventory of wheat. The Department of Agriculture offered a bonus of 30 cents a bushel on wheat delivered under the "certificate plan" by May 25, and announced that it would buy 50 million bushels of corn from producers and pay a bonus of 30 cents a bushel above the market price on the date of delivery for corn sold to the Commodity Credit Corporation. All loans on 1945-crop corn were called as of May 1 to increase supplies of grain available for export.

In May, distillers' use of grain was restricted to 3 days' mashing capacity. The Department extended until June 1 the time in which poultrymen might reduce flocks so as to become eligible to buy corn and other grains. Effective price ceilings on corn were increased by 25 cents a bushel, wheat by 15 cents, barley by 9 cents, rye by 10 cents, and grain sorghums by 18 cents per hundredweight, through joint action of the Department, the Office of Economic Stabilization, and the Office of Price Administration. Bakers were required to reduce the weight of bread and rolls by 10 percent.

In June the Department announced that it would lend wheat to mills in special-hardship cases, the wheat to be released to enable mills to supply flour to areas where consumer bread supplies were found to be definitely short of the reduced emergency levels. Controls over the bartering of protein meal and soybeans were tightened so as to keep these products moving in normal trade channels. The Depart-



ment also announced that the protein meal set-aside would be continued at 10 percent until further notice.

All the measures adopted by PMA to channel grain into relief use had some bearing on procurement. The combination "certificate-bonus" plan, however, proved to be the most successful. Under this plan, the Commodity Credit Corporation was in a position to pay more for grain than any other buyer. As a result, producers and other holders of grain sold freely to the Corporation. Enough grain was obtained to enable the Government to meet its commitment, with some substitution of other grains, by June 30.

In the case of foods other than wheat and flour, Government procurement was facilitated by set-asides, inventory controls, and quotas for domestic use. Compliance provisions also were strengthened.

Set asides, in particular, helped PMA to procure needed supplies of lard, meats, and dairy products. The lard set-aside was increased in February 1946 and again in May. The set-aside on pork was reinstituted in February 1946 and was subsequently increased. Similar actions were taken with respect to beef, veal, and mutton. Beginning in June, producers of canned meat were required to set aside 60 percent of their output in order to meet UNRRA's special need for this commodity. Heavy set asides of cheese and evaporated and powdered milk made it possible to increase exports.

Out in the States, farmer committeemen developed and promoted 1946 farm production goals, which called for another "all-out" production year, and sought the cooperation of the Nation's farmers in meeting them. (See p. 6.)

The Production and Marketing Administration also sought to bring about increased cooperation with the President's request for voluntary conservation of foodstuffs. A large volume of informational and educational material went out from Washington, in such form as press releases on administrative actions, reports, radio programs, and feature articles during the period of the famine emergency. This work dovetailed with the over-all effort of the Department of Agriculture, the Famine Emergency Committee, and other agencies and groups, public and private, concerned with the conservation problem.

Early in March, State PMA directors and county chairmen of the agricultural conservation committees were designated State and county emergency food program managers. Mobilizing the help of other groups, these managers organized and promoted programs of information and action to reduce the consumption of critically needed foods. In many areas, local goals were established for conserving wheat products and fats and oils. Speakers' bureaus were set up, written and visual materials were furnished to newspapers and radio stations to dramatize the plight of hunger-ridden peoples, and famine films were widely distributed.

#### WARTIME CONTROLS

Relaxation of wartime controls over agriculture has not proceeded as rapidly as was hoped on VJ-day. This is largely a result of the need for adoption of drastic measures to meet the need for food abroad.

From 1943 to 1946, a total of 178 War Food Orders was issued. As the 1945-46 year began, 92 orders were in effect. At the close of

the year 54 were still on the books. During the year 13 new orders were issued and 51 were terminated.

In the case of allocations, it was hoped early in the fiscal year that controls over many food items could be removed. To a limited extent that has occurred. For many important foods, however, such as cereals, fats and oils, dairy products, and meat, the necessity for control continued. Famine abroad actually caused the United States to adopt more stringent controls over certain items than were necessary during the war.

Under the allocation procedure, civilians of the United States received in 1945-46 almost 84 percent of the 132,867,000 long tons of food distributed. Almost 13 percent was exported, and 3 percent went to the military services and United States Territories.

#### PRICE-SUPPORT PROGRAMS

PMA, through loans, purchases, and other operations, supports the prices of various farm commodities. In this way, producers of those commodities are assured a "floor"; that is, a minimum price.

This was an important factor in obtaining needed food and fiber during the war. It is believed that stabilized prices during the post-war period will aid farmers in reconverting from a wartime to a peacetime production basis.

Under existing legislation, prices of corn, wheat, rice, tobacco, and peanuts are supported—through mandatory loans—at 90 percent of parity. Cotton is supported at 92½ percent of parity.

Section 4 (a) of the so-called Steagall amendment calls for support, through loans, purchases, and other operations, at not less than 90 percent of the parity or comparable price, for commodities for which the Secretary of Agriculture has publicly requested an expanded production for war purposes. "Steagall" commodities include hogs, chickens, turkeys, eggs, milk, butterfat, dry peas of certain varieties, dry edible beans of certain varieties, soybeans for oil, peanuts for oil, flaxseed for oil, American Egyptian cotton, potatoes, and sweet-potatoes.

Price-support operations also are carried out with respect to wool, naval stores, sugar beets, sugarcane, fruits and vegetables for processing, and many other agricultural commodities.

Loans made during the fiscal year 1946, under authority granted the Commodity Credit Corporation, totaled only \$193,930,000 as compared with \$529,000,000 in 1945, and \$528,000,000 in 1944. The extremely low volume of loan operations during the 1946 fiscal year reflects the large consumer demand for farm products and the fact that market prices were, in general, in excess of loan rates.

Estimated purchases under the Commodity Credit Corporation's price-support program in 1946 totaled \$1,276,000,000, as compared with \$1,333,000,000 in 1945. Sales in 1946 are estimated at \$1,889,000,000, as compared with \$1,284,000,000 in 1945. A profit of \$81,000,000 was realized on transactions under this program in 1946, as compared with a loss of \$26,000,000 in 1945. Losses on some commodities were more than offset by gains on others.

Department of Agriculture obligations under Section 32 of the Agricultural Adjustment Act of 1938 totaled \$93,000,000 in 1946, as

compared with \$68,000,000 in 1945. These obligations were principally for purchase of farm products for distribution through authorized agencies; encouragement of exports; diversion of agricultural commodities to byproducts and new uses; school lunch and milk programs; and administration of marketing agreements, orders, and other authorized programs.

#### POSTWAR RESERVE FOR PRICE SUPPORT

Congress by an act approved February 18, 1946, appropriated \$500,000,000 as a reserve for expenditure for the postwar price support of agriculture. It was directed that this sum should be paid to the Commodity Credit Corporation and continued as a reserve fund to be expended as and when necessary. Accordingly, the Corporation now maintains a cash reserve fund of this amount for use when postwar price-support operations become necessary. (In this connection, Congress has directed the Secretary of Agriculture to support the price of basic and certain nonbasic commodities for a period of 2 full calendar years after the legal termination of the war.)

#### SUBSIDY OPERATIONS

Despite the discontinuance of several Commodity Credit Corporation subsidy programs during the year, expenditures and accrued obligations for the fiscal year 1946 exceeded those of the preceding year by \$102,000,000. In all, the total subsidy cost in 1946 amounted to \$845,000,000, as compared with \$743,000,000 in 1945.

Subsidies on milk and its products totaled \$544,000,000; on meat animals, \$75,000,000; on fruits and vegetables for processing, \$103,000,000; on sugar, \$70,000,000; on oilseeds and products, \$46,000,000; and on other programs, \$7,000,000.

Subsidies on peanut butter were discontinued on November 1, 1945; on shortening, January 1, 1946; and on Cheddar cheese, February 1, 1946. With the exception of sugar and No. 2 shelled peanuts, all other subsidy programs were terminated as of June 30, 1946 (or on July 28, 1946, under terms of the Price Control Extension Act).

Export payments on cotton from CCC funds totaled \$32,000,000 during the year, as compared with \$3,000,000 during the preceding year. Payments on cotton, from Section 32 funds, totaled \$17,000,000. Payments on flour, from CCC and Section 32 funds, totaled \$5,000,000.

#### FEDERAL CROP INSURANCE

As time is measured in the insurance business, Federal crop insurance is in the early development stage. This year the program completed only its seventh year of active operations, and new ideas and approaches were tried, as in former years, but the aim remained the same: To give farmers the best protection possible and to make premiums balance indemnities. The 1946 (crop year) program indicated much improvement over programs in earlier years, and continued improvement is expected.

Federal crop insurance was available nationally to producers of wheat, cotton, and flax. It also was being tried experimentally on



corn and tobacco, in 19 representative counties for each commodity.<sup>2</sup> Table 1 shows the status of the program.

TABLE 1.—*Status of Federal crop insurance, by commodities, crop year 1946*

Crop	States with insurance program	Insurance contracts	Farms covered <sup>1</sup>
	<i>Number</i>	<i>Number</i>	<i>Number</i>
Wheat.....	35	305, 428	385, 497
Cotton.....	18	114, 270	136, 873
Flax.....	12	10, 412	13, 384
Corn.....	<sup>2</sup> 19	7, 413	8, 608
Tobacco.....	<sup>2</sup> 19	13, 842	14, 198
Total.....		451, 365	558, 560

<sup>1</sup> The number of farms covered by insurance is larger than the total number of contracts because an insurer's contract covers all farms in the county in which he has an insurable interest. The figure representing the number of farms includes duplication where both landlord and tenant are insured.

<sup>2</sup> Number of counties.

Wheat is insured under 3-year contracts. Probably all the wheat farms that were covered in 1946 (crop year) will also be covered in 1947 and 1948. Cotton contracts continue in force from year to year, subject to cancellation by either the farmer or the Federal Crop Insurance Corporation. Flax, corn, and tobacco contracts are issued annually.

The contract protects the farmer against loss from all unavoidable natural production hazards—weather, insects, and plant diseases. The protection on wheat, cotton, and flax is against loss of yield, the degree of protection increasing as the growing season progresses. The amount of insurance, the premiums, and the indemnities are calculated in commodity units—bushels for wheat and flax, pounds for cotton.

One experimental plan being tried for corn and tobacco protects against loss up to 75 percent of the grower's investment. This plan is in terms of dollars. A second plan, for tobacco only, protects against loss in a yield-quality combination. A second plan for corn protects against loss in yield, like that for wheat, cotton, and flax.

<sup>2</sup> Corn insurance was written in the following 19 counties: Madison (Ala.); Houston (Ga.); Montgomery and Vermillion (Ill.); Miami (Ind.); Buena Vista and Marion (Iowa); Phillips (Kans.); Daviess (Ky.); Kent (Md.); Hillsdale (Mich.); Redwood (Minn.); Carroll (Mo.); Saunders (Nebr.); Champaign (Ohio); Chester (Pa.); Turner (S. Dak); McLennan (Tex.); Sauk (Wis.).

Tobacco insurance was offered in the following 19 counties: Hartford (Conn.); Cook (Ga.); Jefferson (Ind.); Bourbon, Larue, and Simpson (Ky.); Charles (Md.); Surry, Vance, and Wilson (N. C.); Brown (Ohio); Lancaster (Pa.); Marion (S. C.); Greene, Maury, and Montgomery (Tenn.); Lunenburg and Pittsylvania (Va.); and Vernon (Wis.).

The success or failure of crop insurance cannot be judged from a single year's experience. For example, in 1945 (crop year) good weather prevailed for spring wheat and flax, and the loss experience was favorable. Adverse weather prevailed in a large part of the Cotton Belt, and cotton losses were high. The loss experience on corn and tobacco in 1945, the first year of insurance for these commodities, mainly reflects crop conditions in the selected counties and does not of itself indicate the feasibility of insurance nationally on these commodities. Coverage and loss experience are shown in table 2.

TABLE 2.—*Federal crop-insurance experience, by commodities, crop year 1945*

Crop	Contracts	Farms	Indemnities	Premiums	Indemnities
	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Bushels</i>	<i>Bushels</i>
Wheat-----	12, 838	19, 459	2, 200	1, 085, 170	471, 359
Flax-----	26, 042	31, 800	6, 861	487, 461	285, 270
				<i>Pounds</i>	<i>Pounds</i>
Cotton-----	89, 940	113, 792	47, 424	22, 356, 737	74, 994, 896
				<i>Dollars</i>	<i>Dollars</i>
Corn-----	10, 414	13, 575	3, 294	398, 002. 26	619, 191. 38
Tobacco-----	12, 060	13, 814	1, 600	679, 298. 16	468, 552. 24

The county and community agricultural conservation committees continued to do the field work of the Federal Crop Insurance Corporation (see p. 5). This work included: (1) Establishing average yields and premium rates for individual farms; (2) selling insurance; (3) obtaining from insured farmers acreage reports that show the acreage seeded to the insured crop; (4) collecting premiums; and (5) reporting losses.

The largest responsibility of the State and county committees was the organization of sales activities. Sales agents were appointed and trained in each county. County committeemen and county offices also sold insurance.

#### AGRICULTURAL CONSERVATION PROGRAM

The agricultural conservation program is helping farmers and ranchers to restore the gains—lost during the war—in conserving soil and water. Authorized by the Soil Conservation and Domestic Allotment Act, as amended, the program during 1945 reached more than 2,960,000 farms and ranches, which embraced 68 percent of the country's cropland. Participation decreased somewhat from that of the previous year, largely as a result of shortages in labor, machinery, and the materials necessary to carry out the practices.

Congress appropriated \$342,658,000 for the 1945 program, including \$12,500,000 for special payments to encourage the harvesting of badly needed legume and grass seeds, \$29,750,000 to encourage the planting of flaxseed, and \$408,000 to measure acreages for burley tobacco allot-



ments. Appropriations in the 1946 calendar year included \$300,000,000 for the agricultural conservation program, \$12,500,000 for special seed payments, and \$1,146,000 for measuring tobacco acreages.

In 1945, farmers faced two big conservation problems: (1) Repairing the damage caused by intensified wartime cropping, and (2) resuming the long-time conservation progress under way when the war began. The conservation problems created by the war resulted chiefly from the heavy cropping and grazing. Agricultural production increased nearly a third, but the total cropland acreage remained about the same. The increase was obtained through higher yields per acre and expanded plantings of row crops such as corn, soybeans, and peanuts—at the expense of the soil-conserving small grains, hay, and pasture crops normally rotated with soil-depleting row crops. Increased planting of row crops created new erosion hazards.

Practices approved for the national 1946 program have these objectives: (1) To maintain or increase soil fertility; (2) to control and prevent erosion; (3) to conserve and make better farm use of water; and (4) to conserve and increase range and pasture forage.

To fit the program closer to the conservation needs of each locality, greater responsibility for developing local programs has been given to the farmer committees. Nearly all States adopted a "county conservation budget" plan of operation for 1946. This plan gives county committeemen more leeway in selecting the practices eligible for assistance and in allocating assistance among individual farms. For 1947, a new provision will permit county committees to use part of their budgets for locally needed practices, even though the practices are not included in the regular State list of practices. These special practices must be approved by the State committee and meet the objectives set for the practices included in the national program.

The delegation of more authority to county committees has stimulated local initiative. In Nebraska, for example, several county committees promoted the construction of more stock-water dams under the 1946 program by bringing the contractor and the farmer together. The committees sought out farmers who wanted dams built under the program and encouraged local contractors to purchase heavy dirt-moving equipment to do the work. Enough dams were laid out to make the venture profitable for all parties.

In every State, the elected farmer committeemen helped their neighbors work out individual farm plans for conservation practices.

Types of practices in the 1946 program were as follows:

1. Application of lime, phosphate, and other materials to restore plant food and humus.
2. Use of green manure and cover crops to protect soils from water and wind erosion, and to restore plant food and add organic matter.
3. Control of erosion and conservation of water (contour farming, strip-cropping, terracing, protective summer fallow, dam and pond construction, tile and ditch drainage, irrigation system improvement).
4. Improvement of range and pasture lands.
5. Harvesting of legume and grass seeds.
6. Control of noxious weeds, improvement of forests, land clearance, and other miscellaneous practices.

The progress made in conservation farming under the agricultural conservation program between 1938 and 1945 is illustrated by the following tabulation:

Practice:	Percentage of increase in volume of prac- tices carried out, base year 1938
Application of limestone.....	326
Use of fertilizer on grasses and legumes.....	503
Field strip-cropping.....	854
Contour farming of intertilled crops.....	126
Construction of grassed waterways to prevent erosion <sup>1</sup> .....	5,400
Use of green-manure and cover crops.....	65
Construction of dams and ponds.....	126

<sup>1</sup> Base year 1940.

The only decrease indicated for a major practice was a reduction of 35 percent in the establishment of terraces. The main reason for this reduction was the shortage of machinery.

During the year the State PMA committees, in cooperation with State technical committees and soil specialists at land-grant colleges and State experiment stations, estimated the work and materials that need to be applied annually to put the Nation's farm and ranch land on a sound conservation basis. Estimated annual need for major agricultural practices, compared with practices performed under the agricultural conservation program in the calendar year 1945, are shown in table 3. Participation in and estimated gross payments under the program are shown in table 4, and selected soil- and range-building practices, in table 5.

TABLE 3.—*Estimated annual need for major agricultural conservation practices in the United States compared with practices performed under agricultural-conservation program, calendar year 1945*<sup>1</sup>

Practice	Unit	Total annual need	Conserva- tion practices carried out in 1945
Application of ground limestone.....	Tons.....	59,492,000	21,337,826
Application of phosphate to conserving crops (basis 20 percent P <sub>2</sub> O <sub>5</sub> ).....	do.....	13,443,000	2,400,549
Field strip-cropping.....	Acres.....	27,551,000	6,074,768
Seeding or reseeding permanent pastures.....	do.....	83,549,000	4,209,480
Legume and nonlegume green-manure and cover crops.....	do.....	98,970,000	18,859,982
Contouring intertilled and drilled crops.....	do.....	90,761,000	17,259,821
Protecting summer fallow.....	do.....	22,721,000	14,030,913
Deferred grazing noncrop pasture and range and grazing management.....	do.....	394,049,000	87,769,768

<sup>1</sup> Some practices once carried out have to be maintained but not repeated. Comparisons of 3 important practices of this type follow:

Practice:	Remaining need	Carried out in 1945
Terracing.....acres.....	77,885,000	897,507
Establishing sod waterways on crop- land.....acres.....	4,908,000	18,974
Dams and ponds for livestock water cubic yards.....	1,330,273,000	94,658,403

TABLE 4.—*Participation in and estimated gross payments under the agricultural conservation program, by States, 1945*

State and region	Participating farms or ranches	Cropland on participating farms	Total cropland	Percentage of cropland covered	Total noncrop open pastures	Payees	Estimated gross payments <sup>1</sup>	Average payment per payee
	Number	Thousand acres	Thousand acres	Percent	Thousand acres	Number	Thousand dollars	Dollars
Maine.....	9,834	701	1,306	53.7	633	9,835	883	89.78
New Hampshire.....	5,787	225	471	47.8	422	5,787	339	58.58
Vermont.....	12,750	786	1,023	76.8	1,304	12,750	1,027	80.55
Massachusetts.....	8,913	359	557	64.5	600	8,913	784	87.96
Rhode Island.....	942	32	68	47.1	70	942	87	92.36
Connecticut.....	5,235	254	348	73.0	424	5,397	511	94.68
New York.....	71,259	5,640	7,666	73.6	6,248	71,509	6,681	63.43
New Jersey.....	11,588	905	1,156	78.3	179	11,901	1,279	107.47
Pennsylvania.....	84,814	5,408	7,612	71.0	2,798	85,368	5,950	69.70
Northeast.....	210,622	14,310	20,207	70.8	12,678	212,402	17,541	82.58
Illinois.....	137,063	16,255	25,122	64.7	2,792	168,455	10,745	63.79
Indiana.....	114,206	10,235	14,581	70.2	1,053	141,318	6,683	47.29
Iowa.....	154,526	19,678	25,967	75.8	5,108	197,364	14,626	74.11
Michigan.....	119,416	8,217	11,792	69.7	802	136,774	6,550	47.89
Minnesota.....	147,639	17,364	22,000	78.9	3,139	174,382	14,528	83.31
Missouri.....	161,960	13,712	19,046	72.0	7,237	179,865	9,144	50.84
Nebraska.....	71,935	15,562	20,960	74.2	25,241	102,725	7,179	75.14
Ohio.....	143,880	9,813	13,637	72.0	4,119	179,533	7,187	40.03
South Dakota.....	42,920	12,504	16,972	73.7	28,086	50,993	6,369	124.90
Wisconsin.....	150,040	10,873	13,056	83.3	3,605	163,606	9,749	59.59
North Central.....	1,243,585	134,213	183,133	73.3	81,182	1,495,015	93,300	62.41
Delaware.....	5,613	428	622	68.8	15	6,832	657	96.17
Maryland.....	20,287	1,770	2,460	72.0	317	23,104	2,100	90.89
Virginia.....	73,358	3,297	5,701	57.8	2,532	78,966	4,804	60.84
West Virginia.....	32,991	1,089	1,919	56.7	2,941	33,081	1,974	59.67
North Carolina.....	152,897	6,000	8,145	73.7	1,015	180,072	5,655	31.40
Kentucky.....	143,109	9,767	11,895	82.1	2,790	149,161	9,944	66.67
Tennessee.....	105,728	6,482	9,628	67.3	2,368	111,619	7,947	71.20
East Central.....	533,983	28,833	40,370	71.4	11,978	582,835	33,081	56.77
Alabama.....	74,751	5,246	8,893	59.0	1,571	83,171	4,583	55.10
Arkansas.....	71,691	5,981	9,778	61.2	1,058	77,951	4,065	52.15
Florida.....	23,764	1,255	2,213	56.7	8,743	24,949	2,268	90.91
Georgia.....	48,384	4,700	10,281	45.7	895	52,097	4,872	93.52
Louisiana.....	29,147	2,680	5,774	46.4	688	31,501	2,643	83.90
Mississippi.....	57,076	4,824	8,670	55.6	2,657	59,761	5,098	85.31
Oklahoma.....	67,540	8,306	18,143	45.8	14,969	71,313	6,593	92.45
South Carolina.....	48,443	3,439	5,634	61.0	395	50,517	2,344	46.40
Texas.....	186,273	25,701	40,183	64.0	100,361	219,465	19,988	91.08
Southern.....	607,069	62,132	109,569	56.7	131,337	670,725	52,454	78.20
Arizona.....	2,904	664	997	66.6	39,314	3,197	1,283	401.31
California.....	35,722	4,867	10,103	48.2	25,138	37,162	8,340	224.42
Colorado.....	25,337	7,175	8,887	80.7	32,431	27,867	4,495	161.30
Idaho.....	17,875	3,304	4,818	68.6	12,738	20,856	2,322	111.33
Kansas.....	64,408	17,925	29,122	61.6	20,039	85,405	7,967	63.28
Montana.....	20,718	8,801	11,744	74.9	49,771	23,167	6,249	269.74
Nevada.....	1,360	212	331	63.8	5,409	1,583	324	234.27
New Mexico.....	11,113	1,953	2,716	71.9	45,380	12,420	2,946	237.20
North Dakota.....	53,444	20,358	24,492	83.1	15,870	73,355	13,121	178.87
Oregon.....	17,796	2,830	5,275	53.7	13,641	18,191	2,763	151.89
Utah.....	11,085	1,161	1,684	69.0	13,953	11,528	1,173	101.75
Washington.....	23,553	5,525	7,186	76.9	14,401	23,986	3,478	145.00
Wyoming.....	7,595	1,662	2,175	76.4	29,618	8,074	2,138	264.80
Western.....	292,910	76,437	109,530	69.8	317,703	346,591	56,599	163.30
Alaska.....	142	5	211	45.5	5	142	11	77.46
Hawaii.....	1,191	153	364	42.0	1,335	1,192	74	62.08
Puerto Rico.....	66,814	720	1,015	70.9	675	97,187	463	4.76
Insular.....	68,147	878	1,390	63.2	2,015	98,521	548	5.56
Total.....	2,956,316	316,803	464,199	68.2	556,893	3,406,089	253,523	74.43

<sup>1</sup> Includes increases for small payments and decreases for \$10,000 limitation, payments for naval-stores program, and payments for flax program.

<sup>2</sup> Estimated on basis of 1940 census and 1941 agricultural conservation program.



TABLE 5.—*Selected soil- and range-building practices carried out under the agricultural conservation program, by States, 1945<sup>1</sup>*

State and region	Materials applied				Rebuilding pasture and range-land by—		Grazing land management	Seeding permanent pasture mixtures
	Ground limestone or equivalent	20 percent super-phosphate or equivalent	Mulching	Other fertilizers <sup>2</sup>	Deferred grazing	Planting of seeds		
	Tons	Tons	Tons	Tons	Acres	Acres	Acres	Acres
Maine.....	83,409	11,279	2,868	1,863				
New Hampshire.....	32,086	8,976		1,818				
Vermont.....	99,487	25,862	987	1,819				
Massachusetts.....	73,604	13,688	4,280	1,648				
Rhode Island.....	8,873	1,911		18				
Connecticut.....	60,328	10,775		1,156				
New York.....	866,085	124,147	22,287	384				
New Jersey.....	208,713	19,305		3,069				4,625
Pennsylvania.....	1,154,985	63,693						
Northeast.....	2,587,570	279,636	30,422	10,775				4,625
Illinois.....	3,689,159	175,475	8,553	4,497				4,777
Indiana.....	1,585,862	93,955	1,996	18,882		17,276		
Iowa.....	2,385,638	68,176	374	2,678		96,853		
Michigan.....	599,410	116,966	21,324	18,281				9,303
Minnesota.....	244,502	42,492	2,284	10,089		41,512		
Missouri.....	1,299,993	75,952		2,679		624,208		
Nebraska.....					1,779,511	149,310		
Ohio.....	1,202,373	148,641	13,463	28,303		19,408		
South Dakota.....		177		6	1,211,964	92,361		
Wisconsin.....	1,834,193	76,849	5,126	14,397		44,987		
North Central.....	12,841,130	798,683	53,120	99,810	2,991,475	1,085,895		14,080
Delaware.....	64,856	3,369		512				2,765
Maryland.....	289,048	19,595		1,591				21,453
Virginia.....	824,904	127,243		2,851				
West Virginia.....	409,371	32,603						
North Carolina.....	393,851	43,849		1,362				60,823
Kentucky.....	812,041	161,811	1,232	370				1,238,367
Tennessee.....	1,180,244	143,682		1,619				18,369
East Central.....	3,974,315	532,152	1,232	8,305				1,341,777
Alabama.....	59,722	116,605				30,726		
Arkansas.....	84,491	33,128		492		172,439		
Florida.....	66,712	96,050	517	1,296		73,717		
Georgia.....	91,813	113,594		3,653		105,418		
Louisiana.....	47,164	37,385		1,718		93,986		
Mississippi.....	326,680	79,005		114		98,230		
Oklahoma.....	252,640	9,736			336,794	143,514		
South Carolina.....	151,790	43,608		1,439		14,329		
Texas.....	60,947	56,581		13,369	3,007,747	134,479		
Southern.....	1,141,959	585,692	517	22,081	3,344,541	866,838		
Arizona.....		6,180		11,049	( <sup>3</sup> )	1,101	10,245,075	
California.....	27,742	90,194	93,944	529,034	( <sup>4</sup> )		4,569,927	135,813
Colorado.....		9,588	1,208	2,221	<sup>4</sup> 1,115	102,340	7,621,443	
Idaho.....		19,650	521	4,631	( <sup>2</sup> )	26,287	1,468,922	
Kansas.....	715,374	17,674	153		<sup>4</sup> 594	556	1,552,475	10,777
Montana.....	54	6,966		1,201	( <sup>2</sup> )	85,855	17,141,179	
Nevada.....		730			( <sup>2</sup> )	10,843	2,447,758	
New Mexico.....		9,434		935	( <sup>2</sup> )	12,912	15,304,926	
North Dakota.....		572			( <sup>2</sup> )	73,202	1,611,554	
Oregon.....	30,626	13,872	5,360	17,686	( <sup>2</sup> )	76,000	4,361,470	
Utah.....		8,585	378		( <sup>2</sup> )	29,907	2,553,864	
Washington.....	17,460	18,422	29,909	4,934	( <sup>2</sup> )	237,058	1,334,706	
Wyoming.....	1,596	2,519	32	1,079	( <sup>2</sup> )	83,614	11,218,754	
Western.....	792,852	204,386	131,055	572,770	1,709	749,675	81,432,043	146,590
Total.....	21,337,826	2,400,549	216,346	713,741	6,337,725	2,702,408	81,432,043	1,507,072

<sup>1</sup> Payments for these practices represented 85 percent of the amount paid for all conservation practices under the 1945 program.

<sup>2</sup> Muriate of potash, 119,472 tons; gypsum, or equivalent, 594,208 tons; boron, 61 tons.

<sup>3</sup> Included as part of grazing land management practices.

<sup>4</sup> Also see "grazing land management," which includes deferred grazing.

TABLE 5.—*Selected soil- and range-building practices carried out under the agricultural conservation program, by States, 1945*<sup>1</sup>—  
Continued

State and region	Water facilities					Green manure and cover crops	Strip-cropping	
	Springs and seeps	Storage tanks	Reservoirs and dams		Wells		On contour	Field
			Earthen	Concrete or masonry				
	Cubic feet	Cubic feet	Cubic yards	Cubic yards	Feet	Acres	Acres	Acres
Maine.....						817	1,551	
Massachusetts.....						25,056	67	
Rhode Island.....						5,169		
Connecticut.....						24,771		
New York.....						105,874	3,008	
New Jersey.....						208,102	1,296	
Pennsylvania.....						53,065	17,993	
Northeast.....						422,854	23,915	
Illinois.....			267,358	209		577,035	13,995	655
Indiana.....			951,989	447		120,232	2,944	228
Iowa.....			2,411,501	841		1,460,701	43,797	
Michigan.....						350,215	2,357	
Minnesota.....						783,906	77,987	338,197
Missouri.....			9,118,679	9		329,702		
Nebraska.....	9,467		3,889,508	271	112,583	687,723		472,882
Ohio.....			138,773	23		205,255	38,953	23,335
South Dakota.....	216,458		9,697,861	550	66,980	280,696	51,091	399,444
Wisconsin.....						153,934	293,395	237,637
North Central.....	225,925		26,475,669	2,350	179,563	4,949,399	524,519	1,472,378
Delaware.....						136,176		
Maryland.....						177,515	4,371	
Virginia.....						331,529	8,657	
West Virginia.....						10,362	259	
North Carolina.....						1,741,587	3,439	
Kentucky.....			579,156			1,248,581		
Tennessee.....			812,297			957,902		
East Central.....			1,391,453			4,603,652	16,726	
Alabama.....						836,370		
Arkansas.....			1,999,835			1,302,633		
Florida.....						306,173		
Georgia.....						630,006		
Louisiana.....						460,668		
Mississippi.....			3,235,765			863,912		
Oklahoma.....			13,812,707			424,507	14,303	43,890
South Carolina.....						439,599		
Texas.....			25,750,625	2,357	717,104	1,736,980	42,278	59,444
Southern.....			44,798,932	2,357	717,104	7,000,848	56,581	103,334
Arizona.....	13,368	28,898	2,363,043	930	14,658	37,548	356	128
California.....		69,190	3,742,138	382	20,683	1,251,695	4,348	6,646
Colorado.....	52,614	27,941	1,226,303	22	89,391	42,408	20,904	285,589
Idaho.....	11,406	3,208	175,326		2,059	45,363	32	
Kansas.....	15,586	5,667	1,820,851		52,759	302,814	11,539	47,348
Montana.....	107,120	42,021	6,265,801		77,447	24,367	23,809	2,866,451
Nevada.....	3,116	1,305	82,930		3,356	665		
New Mexico.....	16,055	10,262	1,636,313	123	105,137	10,709	3,169	35,418
North Dakota.....	8,071	4,054	756,082		50,330	12,655	19,588	1,116,641
Oregon.....	98,090	53,580	250,800		11,180	97,312	990	
Utah.....	9,027	1,416	325,172	63	7,312	6,812	38	36
Washington.....	28,004	4,863	43,449		2,603	40,980		
Wyoming.....	41,898	38,566	3,297,910	4	57,083	10,401	2,105	140,799
Western.....	404,355	290,971	21,986,118	1,524	493,998	1,883,229	86,878	4,499,056
Total.....	630,280	290,971	94,652,172	6,231	1,390,665	18,859,982	708,619	6,074,768

TABLE 5.—Selected soil- and range-building practices carried out under the agricultural conservation program, by States, 1945<sup>1</sup>—Continued

State and region	Protecting summer fallow	Terracing	Contour farming		Erosion control <sup>2</sup>			Harvesting hayseed and legume seed
			Inter-tilled crops	Drilled crops	Leaving stalks for wind protection	Tillage	Other practices <sup>3</sup>	
	Acres	1,000 feet	Acres	Acres	Acres	Acres	Acres	Acres
Maine.....			6,893				43	
Massachusetts.....		1	55				2	
New York.....		8					8	9,673
New Jersey.....			1,209				7	19
Pennsylvania.....							81	47,778
Northeast.....		9	8,157				141	57,470
Illinois.....		426	147,914	132,358			4,948	389,893
Indiana.....		877	44,954	61,105			1,603	155,461
Iowa.....		3,745	999,791	531,994			13,180	610,328
Michigan.....			54,902	76,739			385	234,414
Minnesota.....		426,227	96	33,699	110,967		10,043	365,192
Missouri.....		7,749	359,425	217,438			1,070	158,171
Nebraska.....	1,245,940	4,765	574,425	256,620	94,098		42,891	254,624
Ohio.....		57	13,042	13,278			944	253,174
South Dakota.....	219,178	822	103,262	193,035		746	1,752	83,509
Wisconsin.....		484	37,802	102,294			24,171	339,398
North Central.....	1,891,345	19,021	2,369,216	1,695,828	94,098	746	100,787	2,844,164
Delaware.....				12				1,333
Maryland.....		85	4,526					26,474
Virginia.....		557					29	14,032
West Virginia.....							389	3,406
North Carolina.....		23,777	32,019	15,572			4,791	8,212
Kentucky.....		641	57,233					28,899
Tennessee.....		11,970					10,391	57,991
East Central.....		37,030	93,778	15,584			15,600	140,347
Alabama.....		19,154					15,026	
Arkansas.....		2,901				438	11,219	37,393
Florida.....		1,987					16,595	8,575
Georgia.....		41,396	2,824				33,716	63,877
Louisiana.....		6,174						
Mississippi.....		23,966					2,455	
Oklahoma.....	291,745	26,206	723,121	1,000,413		1,150,349	10,439	134,139
South Carolina.....		6,892					8,969	
Texas.....	1,770,406	82,348	6,547,787	3,809,239	1,775,913	360,986	635,893	29,329
Southern.....	2,062,151	211,024	7,273,732	4,809,652	1,775,913	1,511,773	734,312	273,313
Arizona.....		118	434			425		40,255
California.....	434,834	66	808	5,677			9	40,239
Colorado.....	1,340,828	378	67,363	30,940	623,513	121,366		30,239
Idaho.....	522,748	84	935	10,082		10	11	72,122
Kansas.....	2,230,164	10,217	157,146	217,466	1,045,979	1,234	553	294,279
Montana.....	362,308	28		558			68	106,218
Nevada.....								1,346
New Mexico.....	373,230	1,085	220,502	226,369	288,965	677,254		13,623
North Dakota.....	2,626,886			421,878			93	55,039
Oregon.....	223,246			17,657			3	73,072
Utah.....	212,200	3	179	34,846		860		38,045
Washington.....	1,590,365	21		1,445			211	9,425
Wyoming.....	160,608			1,467		9,389		18,775
Western.....	10,077,417	12,000	447,367	546,507	2,380,335	810,538	948	792,697
Total.....	14,030,913	279,084	10,192,250	7,067,571	4,250,346	2,323,057	851,788	4,107,991

<sup>1</sup> Includes contour listing, furrowing, and ridging on noncropland and contour listing, furrowing, and chiseling on cropland.

<sup>2</sup> Sod waterways, 63,165 acres; establishing a stand of lespedeza sericea, 38,623 acres; listing unprotected cropland for erosion control, 40,044 acres; pit cultivation, 627,454 acres; and establishing permanent sod of Kudzu or Bermuda grass, 82,502 acres.



### FOOD DISTRIBUTION PROGRAMS

The primary objectives of PMA's food distribution programs are to expand and implement domestic markets for agricultural food commodities, and to aid in the orderly distribution of foods throughout the Nation. Chief programs handled are: Direct distribution, school lunch, food preservation, industrial feeding, marketing abundant foods, distributive trades, fat salvage, national garden, and nutrition.

#### DIRECT DISTRIBUTION

The purpose of the direct-distribution program is: (1) To help make price-support programs effective by furnishing outlets for commodities bought to support prices, and (2) to encourage expanded domestic consumption of foods by granting surpluses to schools and to eleemosynary institutions and welfare cases. The program also provides distribution for some inventory surpluses held by other Government agencies.

During the fiscal year, 2,900 carloads of potatoes were removed from normal trade channels. Orders for these were solicited and furnished to appropriate field purchase stations under the program. Prices were stabilized, and the foundation was laid for the orderly marketing of a record spring potato crop. Cabbage, snap beans, beets, and spinach were similarly handled, and in many cases relatively small purchases prevented sharp price declines. Concentrated orange juice (3.3 million pounds) and dehydrated tomato flakes (1.3 million pounds) were distributed to reduce heavy Government inventories.

PMA had agreements with some 15,000 distributing agencies under the program. It reached 20,530 schools serving 3,680,000 children, 1,150 institutions serving 588,000 persons, and approximately 35,000 welfare recipients.

#### SCHOOL LUNCH

The school lunch program vastly improves the health of the Nation's school children, and it is a nucleus for campaigns aimed at developing better farm markets.

During the year, PMA carried on the program under direct agreements with local school lunch sponsors. Government aid consisted chiefly of (1) money contributions on the basis of the number and type of meals served, (2) advice on the purchase and preparation of food, particularly abundant foods, and (3) direct grants of food acquired through price-support operations or inventory adjustments.

The program reached 45,119 schools and child-care centers, and 6,770,841 children. Direct indemnity payments totaled \$51,292,142, and food worth \$5,833,555 was granted in kind. Cooperative agreements were signed with 39 States and Territories, which contributed approximately \$6,000,000.

PMA figured prominently in congressional hearings on the National School Lunch Act, which was passed on June 4, 1946, and goes into effect on July 1, 1946. The new law makes the school lunch program permanent, increases requirements for State participation by calling for State funds and administration, requires full operation reports to the Department, sets aside a portion of program funds for direct food distribution, and provides remuneration to schools for food and equipment. Under it, lunches will continue to be available to millions of children regardless of their ability to pay.

### FOOD PRESERVATION

The twofold aim of the food preservation program is (1) to provide effective processing outlets for surplus foods, and (2) to aid school lunch programs and consumers by encouraging home and community preservation of low-priced, in-season crops. The program fosters community canning centers, school-lunch-preservation units, and canneries for publicly financed institutions.

Plans were made with State decontrol boards in Louisiana and Texas for State-wide canning programs for all State institutions, and similar arrangements with other States are anticipated. Floor plans and equipment lists were formulated for 21 New York State institutions. Throughout the country, 86 "workshops" were held for vocational training of community cannery supervisors, and 14 workshops were held to train institutional cannery personnel. Informational material on home food preservation, community canning centers, and the processing of foods for frozen food lockers was distributed widely.

### INDUSTRIAL FEEDING

The industrial feeding program tends to further agricultural marketing plans and improve the health of industrial workers. Begun in wartime when the expansion of industrial employment and the need for increased productive efficiency made good feeding especially important, the program has benefited labor, industry, and the Government, and will be continued.

PMA industrial feeding specialists gave advice to over 2,000 plants on facility installation, food selection, and the operation and management of feeding units. The program reached many small plants (plants with fewer than 500 employees) for the first time in 1946. Floor plans were issued for small units, and a manual on small-plant facilities was in preparation. Data tabulated from 2,426 large plants with about 8,000,000 workers showed substantial improvement over previous years in the number of workers fed and the type of facilities in use.

Operational guides were prepared for food-service managers. The PMA monthly publication *Serving Many*, which reached 10,000 plant managers, effectively served to promote the use of abundant foods by featuring menus and quantity recipes.

### MARKETING ABUNDANT FOODS

Marketing programs are undertaken to increase consumption of abundant foods through normal trade channels when peak production threatens or has created surpluses. The Department establishes production goals based on estimated requirements. To encourage this production, PMA promises to help producers find markets if transportation or storage shortages, or extra yields due to better-than-average weather, should result in temporary overabundance.

Sales campaigns are planned, organized, and operated on a national, regional, or local scale to create wider markets for such foods. Personal contacts are made with food-trade associations to obtain cooperation. All the Department's educational and trade-promotional facilities are used to make programs effective. Department field staffs, agriculture county committees, and 175 local food distribution advisory

committees pool their sales efforts. Monthly lists of foods in relative abundance are distributed to the trade and other interested groups.

Eight national, four regional, and four sectional abundant-food-marketing programs were conducted. The commodities promoted—the emphasis depending on relative needs—included poultry, beets, carrots, eggs, lettuce, peaches, early and intermediate potatoes, desert grapefruit, spinach, and cabbages. The unusually large 1945 peach crop was so successfully marketed that funds set aside for Government purchases were not used.

#### DISTRIBUTIVE TRADES

The distributive trades program is a clearing house for ideas on distribution problems and provides the Department with a wide source of informed advice on the solution of these problems as well as a means of explaining Government regulations to distributors of agricultural products. During the year the program helped the food trades to cope with the marketing problems of reconversion.

Under the program, PMA works with food distribution advisory committees in 175 major trading areas. Composed of representatives of wholesale and retail food industries, these committees meet with Department field personnel. A monthly report on retail food supplies, collected in about 210 major trading areas for use by the committees and others, points out local shortages and aids in anticipating national demand.

Situations where direct contact with suppliers brought action to meet local shortages are exemplified by the following: Evaporated milk in southern areas; shortening in Mississippi and other States; dairy products in New Mexico; and soap in many areas throughout the country.

#### FAT SALVAGE

PMA cooperates with a committee to conserve and increase supplies of fats and oils by encouraging re-use of edible fats and salvaging for industrial use other kinds of fats and oils. This committee is composed of firms that make soap and glycerin and render fat. PMA's part of the work is (1) to cooperate with industry in its promotion campaign and (2) to assist, through PMA State and county offices, in increasing the effectiveness of the fat collection system.

#### NATIONAL GARDEN

PMA cooperated in activities under the national garden program—a Department of Agriculture program to encourage home production and preservation of food. Guidance was given during the year to civic groups, garden clubs, and youth organizations through (1) promotional activities emphasizing the need and usefulness of gardening, (2) publications dealing with gardening methods, (3) development of public garden plans, and (4) encouragement of the establishment of garden and home food-preservation information centers.

#### NUTRITION

The nutrition program is an educational enterprise for promoting the best use of available food supplies. The educational work is coordinated by Federal, State, and local nutrition committees. Local committees have been built around such workers as home economics



teachers, extension home demonstration agents, public health nurses and doctors, and others in the field of nutrition. Policies are formulated at the Federal level by Department representatives and members of cooperating agencies. The efforts of some 300,000 professional and technical people in public agencies whose work related directly to human nutrition were coordinated under the program.

During the year, the State committees passed on to the local groups programs to adjust meals to nutrition needs, and helped in the famine emergency program. The Monthly Nutrition News Letter carried program suggestions to State and local groups, and wide distribution was given to publications on food and nutrition.

### MARKETING FACILITIES

PMA handles all work done in the Department of Agriculture relating to the physical handling of farm products from the farm to the consumer—a spread including activities concerning transportation, storage, and other marketing facilities. The object of this work in the improvement of market facilities is to open up larger outlets for farm products, to reduce the cost of distribution, to bring about a more rapid and orderly flow of products through the marketing system, and, as a result of these activities, to improve the standard of living of the American people.

#### MARKET ORGANIZATION AND FACILITIES

An important activity consists of determining the need for concentration and terminal market facilities, developing plans for such facilities, and planning and conducting storage programs that are necessary to assure adequate storage space for farm and food products. While developing concentration and terminal markets, PMA cooperates with State agencies, farm and trade groups, chambers of commerce, and transportation agencies in studying the management and cost of operation of existing markets and in determining what changes are needed in existing markets and facilities, what and where new facilities should be built, the cost, ways of financing, and proper methods of operating new facilities, and how they could be operated to serve the public most efficiently. PMA finds out what is wrong with existing facilities, develops concrete plans and recommendations for providing satisfactory facilities, and promotes through available means the building or establishment of desired markets. Individual market plans are drawn to fit the needs of particular localities.

During the 1946 fiscal year, interest in this work was the greatest since Federal activity in this field began in 1935. More requests for assistance were received than ever before. Improved market facilities were planned for Hartford and New Haven, Conn.; Miami and Tampa, Fla.; Jackson, Miss.; Columbus, Ohio; and Richmond and Roanoke, Va.

PMA assisted the Council of State Governments in drafting a model bill for the establishment of public-benefit corporations to build market facilities. The bill was intended for use as the basis for State legislation in this field.

In October 1945, PMA made a biennial survey of refrigerated space in all the cold-storage warehouses in the country. The survey indicated that as a result of the wartime-expansion program, the amount

of net piling space in public cold-storage houses had been increased by 27 million cubic feet.

#### WAREHOUSING

It is neither possible nor desirable for all commodities to move immediately at harvesttime from the farm to the consumer's table. Some provision for warehousing must be made. Because of the unprecedented increase in the supply of frozen foods, there was a considerable demand during the year for plans and specifications to build refrigerated warehouses and freezer rooms; and because of the shortages of materials, programs had to be developed and conducted to make the most efficient use of available space.

Cold-storage space was generally adequate, but some difficult seasonal space situations developed. Complete up-to-date information was released on warehouse capacity, space occupancy, and commodity holdings. The grain-storage program was continued on account of local and area problems resulting from transportation shortages. Other types of storage adequately filled needs.

PMA administers the United States Warehouse Act and inspects warehouses used for storing commodities owned by the Commodity Credit Corporation. Licensing warehousemen under the act is voluntary. When an application is received from a warehouseman, an investigation is made of the facility and of the financial status and ability of the operator. If requirements are met, licenses are issued to the warehouseman and to persons qualified to sample, inspect, weigh, and grade the products handled by the warehouseman. Thereafter PMA supervises the licensee's operations to see that the requirements of the act are met.

More than 2 billion dollars' worth of agricultural products were stored during the year in warehouses licensed under the act. Again in 1946—as during every other year since the act was passed—no storer of any product in any warehouse suffered financial loss. As the year ended, approximately 1,340 warehousemen were licensed and about 3,385 service licenses were in effect. Approximately 4,400 supervisory examinations had been made—an average of more than 3 inspections to a warehouse.

An investigation of rye warehousing in the Chicago market, made as a result of a complaint by a Chicago grain merchant charging violations of the act, failed to sustain a single charge of the complaint.

One of the most far-reaching court decisions in the history of the act was handed down by the United States Circuit Court of Appeals at Chicago. The decision stated that the Federal Government through the United States Warehouse Act had so occupied and preempted the warehousing field that States are without jurisdiction over federally licensed warehousemen, and that exercise of any authority over federally licensed warehousemen by a State commission would thwart the primary purpose of Congress in passing the act.

#### TRANSPORTATION CONSERVATION AND INVESTIGATION

Transportation dislocations and the shortage of transportation facilities for moving farm and food products continued after the war ended. The handling of perishable freight was one of the most urgent problems. Increased production of perishable food in the face of the decline in the number of refrigerator cars caused serious shortages

during peak movements. Taking the initiative, PMA arranged for labor and materials to repair idle cars to get them back into service. It urged the Interstate Commerce Commission to require railroads to handle refrigerator cars more promptly. Throughout the year it made forecasts a month or more in advance of requirements for refrigerator cars in various parts of the country. On the basis of these forecasts, refrigerator cars were distributed so as to minimize the hardships of car shortages.

Similar studies were made of boxcar requirements in the grain-producing areas; railroads used them as a guide in planning car distribution. After harvest began, PMA assembled reports from the producing areas on harvesting progress, the extent to which existing grain-storage space was filled, and the amount of grain piled on the ground. This information was passed to the railroads to guide them in distributing the available car supply.

During the year PMA also—

Took the initiative in getting a restoration of package-freight service on the Great Lakes.

Represented the Department in determining the essentiality of truck tires.

Worked with the Civilian Production Administration to obtain priorities for materials needed by transportation agencies.

Requested ICC to issue priorities for boxcars for moving grain and giving preferences to cars moving directly to ports.

Made traffic forecasts for grain, grain products, livestock, and perishables, to determine the amount of transportation equipment needed in each part of the country throughout the year.

Prepared material on transportation to be used in the Department production-goal program.

Investigated the expenses of water carriers, and determined the traffic volume that certain water carriers could expect to retain if they resumed operations.

Serving as a "claimant agency," spoke up for enough transportation equipment and facilities to handle American farm and food products.

#### TRANSPORTATION RATES AND SERVICES

In its work on transportation rates, PMA took part in 43 formal dockets, 11 investigation and suspension dockets, and 7 financial dockets before the Interstate Commerce Commission, and 7 formal dockets before the Maritime Commission. It helped to negotiate about 50 rate and regulation items directly with carriers and their agents. Rate actions in which it participated brought savings of approximately 200 million dollars<sup>3</sup> in the cost of transporting farm and food products.

In Ex Parte 162, which was the most important rate case that PMA participated in during 1946, the railroads attempted to obtain without a hearing a 25-percent increase on nearly all freight rates. The railroads' request was temporarily denied and a rate increase of 6 percent on general freight and 3 percent on unprocessed agricultural products was imposed. Had the 25-percent increase been permitted, farmers

<sup>3</sup> This figure includes savings from new actions plus savings accruing in 1946 from actions of previous years.



and processors of agricultural products would have had to pay additional charges of more than 273 million dollars a year.

PMA rate work was expanded to include water transportation rates. To start this work on a sound basis, PMA began a comprehensive study of export shipping requirements. As services were restored following the war, several actions were taken to prevent unnecessary increases in water-transportation rates. To stimulate the study of problems in water transportation, PMA in cooperation with New Orleans transportation officials conducted a discussion series attended by about 200 representatives of water carriers, railroad carriers, farm and trade organizations, and city and State agencies including the State commissioners of agriculture.

PMA vigorously enforced the 28-hour law, which requires that no carriers shall confine livestock in cars, boats, or vessels longer than 28 consecutive hours without unloading them for rest, water, and feeding. During the year 2,068 violations were reported. Terminated cases resulted in 993 convictions. Penalties assessed and collected amounted to \$91,250, as compared with \$29,750 during the year before this function was assigned to PMA.

### LABOR

The farm labor supply program was designed to help provide enough workers to farmers for the production, harvesting, and preparation for market of agricultural commodities, and under certain conditions to supply workers for packing, canning, freezing, and processing these commodities. PMA is responsible for the foreign-labor aspects of the emergency farm labor program, for housing domestic migratory workers in Government-operated camps, and for providing medical care to foreign workers and to domestic agricultural workers housed in Government camps or working in the area served by these camps.

At the peak of the 1945 crop, 90,000 foreign workers were employed. Importations of new workers during the fiscal year 1946 were as follows: Bahamians, 2,266; Barbadians, 3,029; Canadians, 4,511; Jamaicans, 6,105; Mexicans, 28,719. Also, 197 British Hondurans and 58 Barbadians were transferred by the War Manpower Commission to PMA for agricultural work. In addition, 122,000 prisoners of war were employed in agriculture at the peak. Foreign agricultural workers imported under the program to help in 40 States worked an estimated 19,632,330 man-days, and in the calendar year 1945 harvested crops having an estimated farm value of \$670,500,000—13 percent of the total farm value of the crops they worked and about 5 percent of the estimated value of all crops in the 1945 calendar year.

Under the farm labor camp program, PMA housed both foreign and domestic workers in camps at 180 sites in 27 States. The maximum number of camps in operation during any month was 122 in October 1945; the minimum was 60 in March 1946. Man-days occupancy of the camps, which had a capacity of 80,990 persons, was 11,502,887.

PMA directed the agricultural wage stabilization program and the food industries labor program. The agricultural wage stabilization program, stemming from the Stabilization Act of 1942, is administered through State USDA wage boards. Basic regulations controlling the program provide (1) that increases in farm wages up to \$2,400 per year be made by employers without approval and (2) that,

when requested by a majority of producers in an area participating in a meeting or referendum, wage ceilings be promulgated for specific crops. During the fiscal year, the establishment of 42 specific wage ceilings brought to a total of 94 the ceilings that affect operations in 18 States. These specific ceilings affected 378,000 producers and approximately 968,000 workers, and they embraced crops and operations covering over 29 million acres in 693 counties.

### MATERIALS AND EQUIPMENT

The War Production Board, after VJ-day, began to eliminate most of its production controls. Manufacturers at once began filling orders, generally with no consideration of the essentiality of the end product. Labor difficulties in many industries also caused severe shortages of materials and commodities. As a result, producers of essential agricultural items were unable to obtain equipment and supplies. Finally, the Civilian Production Administration found it necessary to reinstate parts or all of many production regulations.

PMA was made responsible for the Department's regulations, policies, and programs dealing with the production, distribution, and use of all types of materials and equipment needed for food production and processing. It helped food industries obtain containers; assisted military services and Government agencies dispose of contract-termination supplies of containers; cooperated with CPA in developing new controls over container materials to relieve shortages caused by work stoppages in the third quarter of the fiscal year; and obtained containers and related materials for famine relief.

The commercial-fertilizer program was aimed at obtaining enough fertilizer for farmers to maintain high-level crop production and at preventing unnecessary depletion of soil fertility. Fertilizer requirements of 800,000 tons of nitrogen, 1,850,000 tons of phosphoric acid, and 800,000 tons of potash were presented by PMA to WPB. Nitrogen and potash were allocated by the WPB according to area recommendations of PMA. Distribution of fertilizers from fertilizer manufacturers to farmers, including grades of mixed fertilizer, was controlled under War Food Order 5. The use of edible oilseed meal in fertilizer was controlled by WFO 105. Government control of fertilizer distribution was revoked on September 30, 1945; potash allocation was reinstated by CPA on May 31, 1946. PMA assisted in disposal of Government-owned facilities for producing nitrates and other fertilizer materials.

In its chemical program, PMA worked with industry and other Department agencies in determining the agricultural requirements for insecticides, fungicides, rodenticides, and other chemicals, and supported agricultural requirements for them before CPA.

During the first quarter of the fiscal year, the farm construction and supplies program made available to farmers 1,900,000 pounds of copper wire. After the Government relaxed controls on lumber, no allocations existed for lumber for farm use in late 1945 and 1946. On PMA recommendations, CPA issued a directive that more lumber be made available on unrated orders. This action made it easier for farmers to obtain lumber without priorities.

To administer priorities for farm construction materials, PMA became agent for CPA and the National Housing Administration and

considered for approval priority requests for farm construction materials.

During 1945 PMA advised WPB as to estimated needs for farm machinery. WPB approved a program to obtain for the 1946 fiscal year farm machinery production amounting to 130 percent of the previous year's production. With the elimination of the Controlled Materials Plan, this program lacked assistance provided for production of critical products and was complicated further by the labor difficulties of the steel, coal, and farm-machinery industries. PMA instituted action to assist farm-machinery manufacturers in obtaining materials; CPA issued Direction 12 to Steel Order M-21, which provided temporary priority assistance in the procurement of steel for tractors and certain items of haying and harvesting equipment.

WFO 135, which provides preference to veterans of World War II in the purchase of farm machinery, was administered by PMA. Over 300,000 veterans' preference certificates had been issued by the end of the year.

PMA reviewed and recommended the requests of food processors and operators of enterprises essential to agriculture for the priority assistance they needed to obtain materials. Help was given to obtain enlarged sugar-processing facilities, steel for tobacco flues, parts for refrigerator and cold-storage installations.

In accordance with the Surplus Property Act of 1944, PMA developed methods of assuring farmers and farmer cooperatives a better opportunity to buy supplies and surplus machinery, and administered programs for emergency sales and distribution of trucks, machinery, and equipment necessary to prevent impairment of agricultural production.

#### SHIPPING AND STORAGE OF CCC-OWNED NONBASIC AGRICULTURAL COMMODITIES

PMA must receive, store, and transport the agricultural commodities that the Commodity Credit Corporation purchases, and preserve them while they are in storage or in transit. It must maintain inventories and see that the delivery commitments it makes are fulfilled.

In carrying out these responsibilities, PMA during the year handled more than 7 billion pounds of nonbasic commodities. The operations were performed in spite of strikes, port embargoes, the unpredictable availability of ocean shipping space, and many other obstacles incidental to the reconversion to a peacetime basis.

A number of operating improvements in shipping and storage were effected during the year, including: Improvement of inventory records; increased shipment of commodities direct from suppliers to consignees, with savings in storage and handling costs; greater use of coastal rather than inland storage facilities; and marked reductions in the need for commodity reconditioning work, warehouse use, claims on hand, and inventories of overage stocks.

The end of hostilities in Europe meant revisions in delivery schedules early in the year and brought reductions in both the British and Russian lend-lease programs. Shipments under other lend-lease programs likewise declined after hostilities ceased in the Pacific. Increases in various relief programs, however, such as those for the



United Nations Relief and Rehabilitation Administration, France, Italy, Greece, The Netherlands, and Belgium, practically offset the lend-lease decreases.

Of the total deliveries of nonbasic commodities to all programs, foreign governments received 51 percent of the exports and UNRRA received 35 percent. The other 14 percent went to territorial export programs, United States Government agencies, commercial concerns, and miscellaneous programs. Special efforts were made to expedite diversions of foodstuffs previously purchased for lend-lease outlets to relief programs. Although this action sharply decreased storage holdings, deliveries to claimants continued at accelerated rates because of shipments from vendors direct to shipside. About 60 percent of the orders were placed during the last 6 months of the year, and shipments in June alone exceeded 1.2 billion pounds.

During the last half of the year, emphasis was placed on the practice of shipping direct from vendor to consignee rather than through intermediate warehouses. Whereas only 51 percent of cars traveled direct in January, 82 percent traveled direct in June. Direct shipments reduced warehouse needs, cut handling and transportation charges, conserved railroad equipment, and lessened the danger of food spoilage.

Owned stocks of nonbasic commodities dropped from 1,325 million pounds on July 1, 1945, to 913 million on May 31, 1946. Only 41 percent of the May total remained unordered. Also disposed of were the majority of stocks acquired before July 1, 1945, a reduction from 62 million pounds on February 28 to 11.6 million on May 31.

The number of commercial warehouses in which PMA used space for storing these commodities was reduced during the year from about 650 to 349. Utilization of warehouses in port areas did much to promote efficiency in the consolidation of cargoes and to make sure that supplies were on hand according to sailing schedules.

The reduction in inventory, the movement of overage stocks, and the increase in shipments direct to consignees sharply curtailed the need of reconditioning and recoopering work.

On July 1, 1945, claims on hand totaled 22,490. New claims added during the year increased the total to 46,288. The number settled was 37,421, leaving only 8,867 on hand at the end of the year. Collections totaled \$1,068,456.

### COMPLIANCE AND INVESTIGATION

In the administration of the Commodity Exchange Act, PMA supervised the futures trading in 15 commodities, amounting to nearly 17 billion dollars, on 15 exchanges. In commodities not restricted by price ceilings, speculative and hedging transactions increased markedly during the year.

Nearly 1,100 brokers and brokerage firms with 1,548 offices were licensed by the Commodity Exchange Authority. Periodic audits of brokerage firms for the protection of customers' funds numbered 202, and 10 investigations of violations were made.

In three cases, respondents charged with violations of the act were denied trading privileges for varying periods by the Secretary of Agriculture. Effective December 3, 1945, the Commodity Exchange

Commission reduced the limit on individual speculative positions and daily trading in rye futures to 500,000 bushels.

Compliance investigations were made in 1946 in connection with marketing agreements and orders; Commodity Credit Corporation subsidy payments, loans, and purchases; agricultural conservation and marketing quota programs; purchasing, shipping, storage, and sales under lend-lease and other foreign procurement programs; wage stabilization; War Food Orders; and certain regulatory acts.

Accountants periodically examined the books and records of administrators and control committees under marketing agreements and orders, and of milk market agents under War Food Order 79 (distribution of fluid milk and cream).

Investigations to determine costs of raw material, processing, and other costs were made at 153 food industry plants.

Compliance investigations and periodic audits, made in connection with various PMA agricultural programs, numbered 3,653, as shown in table 6. Based on evidence disclosed during the year and earlier, 147 cases resulted in criminal convictions. Fines totaled \$207,247 (of which \$700 was suspended). Jail sentences totaled 4 years and 7 months, suspended jail sentences approximated 26 years, and probationary sentences approximated 37½ years. Investigations also established facts and evidence necessary to recover, withhold, or collect amounts due the Government on account of defaulted commodity

TABLE 6.—*Compliance investigations, convictions, and recoveries, fiscal year 1946*

Program	General investigations	Accounting investigations	Total	Criminal convictions		Recoveries, withholdings, etc.	
				Cases	Fines	Cases	Amount
	Number	Number	Number	Number	Dollars	Number	Dollars
Sec. 32.....	78	185	263	5	3, 175		
Dairy production payments.....	676	1	677	13	5, 956	293	66, 272
Other subsidies.....	10	9	19			3	41, 599
Loans and purchases.....	114	1	115			38	117, 586
Agricultural conservation and use.....	323	2	325	7	1, 570	205	476, 226
War food activities.....	749	998	1, 747	116	194,521		
Lend-lease <sup>1</sup> .....	34	2	36			31	330, 417
Wage stabilization.....	92		92			2	2, 500
Other programs.....	25		25	6	2, 025	1	140
Cost investigations <sup>2</sup> .....		164	164				
"A" awards.....	189	1	190				
Total compliance programs.....	2, 290	1, 363	3, 653	147	207,247	573	1, 034, 740

<sup>1</sup> Includes purchase programs for UNRRA, cash-paying governments, and Red Cross.

<sup>2</sup> Plants covered in field examinations and special analyses.

loans, false claims, and unpaid marketing-quota penalties. Recoveries, suspensions, and collections totaled \$1,034,740.

Some 800 investigations of CCC programs were made, as compared with 150 during the preceding year. War Food Order and lend-lease investigations decreased with the curtailment or termination of these activities.

### COMMODITY PROGRAMS

Normal peacetime operations of PMA's commodity branches encompass such work as standardization; inspection, grading, and classing; regulation; marketing agreements; diversion; market news; market statistics; market research; and the like. The time covered in this report, however, included the closing months of the war and a rather disturbed postwar period during which many wartime controls, of necessity, were continued. Thus the emphasis during the 1946 fiscal year continued to be placed on operations of a more or less emergency nature.

A detailed discussion of the special problems that arose during the year within each commodity group is basic to a full understanding of PMA activities. Such an account is given in the remainder of this report.

### COTTON

#### PRODUCTION, LOAN, PURCHASE, AND EXPORT PROGRAMS

The year saw a sharp increase in the price of cotton and a large reduction in the Government-loan, -owned, and -pooled stocks of cotton. As the year began, stocks of Government-owned and Government-pooled upland cotton totaled 4,970,000 bales. An additional 405,000 bales were purchased from producers during the year, and 868,000 bales were pooled for producers' account. Of this total supply of 6,243,000 bales available for sale during the year, 5,000,000 bales were sold to domestic and foreign buyers. An additional 1,100,000 bales were in process of shipment or were earmarked for shipment at the end of the year. Remaining stocks of owned and pooled cotton totaled only 140,000 bales. Practically the entire stock of 57,000 bales of domestic and foreign long-staple cotton also was sold. About 4,275 bales of cotton patterns (bale covers), on hand on June 30, 1945, were sold during the year. Under the subsidy program announced in November 1944, about 2,200,000 bales were registered for export during the 1946 fiscal year and 900,000 bales were sold from Government stocks to cover export registrations.

Farmers put only 215,000 bales of 1945-crop upland cotton under loan during the year, and they redeemed 1,410,000 bales of cotton of the 1943, 1944, and 1945 crops. Loan stocks totaled only 325,000 bales as of June 30, 1946. Of this quantity about 240,000 bales were 1944-crop cotton. The Department announced that all 1944 cotton not redeemed on or before July 1, 1946, would be pooled for producers' account. A few loans were made on American Egyptian cotton, and it was announced at the end of the year that unredeemed loans on stocks of 1943 and 1944 American Egyptian cotton (about 1,200 bales) would be pooled for producers' account.



## HEMP AND MILKWEED FLOSS

Liquidation of two wartime programs for the production of two fibers related to cotton—hemp and milkweed floss—was continued during the year.

The American hemp program was begun in 1942 to increase the supply of fibers for cordage. Despite labor shortages, 477,113 tons of hemp straw were produced in 1943 and 1944, and hemp mills turned out 123,887,483 pounds of fiber. As the year ended, only 65,756,344 pounds of fiber remained in stock.

The milkweed-floss program was in operation in 1943 and 1944. Its purpose was to increase supplies of milkweed floss, which was intended as a wartime substitute for kapok. Under the program 2,570,008 bags of pods were collected in the United States and Canada, and 1,600,000 pounds of floss were processed at a cost of about 83 cents a pound.

## STANDARDIZATION

## UNIVERSAL STANDARDS

At the Universal Cotton Standards Conference of 1946, the first conference since 1939, eight European cotton industry organizations adopted revised United States standards for American cotton. Under the agreements as negotiated in 1923 and revised in 1925, nine important cotton industry organizations in Europe adopted U. S. grade standards for American upland cotton as the basis of all contracts for the purchase and sale of American cotton in which grades are specified. Meetings to approve key sets of copies of the standards were held under the agreements at 2-year intervals from 1925 through 1933 and in 1936 and 1939.

The European organizations represented at the 1946 conference included the signatory associations in Liverpool, Havre, Ghent, Rotterdam, Barcelona, and Milan, and the Manchester Cotton Association, Ltd., and the Federation of Master Cotton Spinners' Association, Ltd., of Manchester. Attending were observers from several governments, and representatives of many leading organizations of American merchants, manufacturers, and cotton growers' cooperative associations. A new grade—Strict Low Middling Gray—was added to the list of cotton standards.

## STANDARDS AND CLASSIFICATION

Distribution of grade standards increased decidedly after the war ended, many orders coming from Europe and the Orient. About 3,714 boxes of grade standards were distributed in the United States and abroad, as compared with 2,315 in 1945. Demand for staple types rose to 9,043, as compared with 7,486 in 1945.

About 5,600,000 bales of cotton were classed by PMA under various acts and programs including the Cotton Standards Act, the Cotton Futures Act, the Smith-Doxey Act, loan and sales programs of the Commodity Credit Corporation, and for the cotton industry generally. Cooperation with customs officials continued, and spot cotton quotations were supervised in the 10 designated markets.

Cottonseed sampling work continued to increase: 123,357 samples, representing about 2,800,000 tons of cottonseed, were analyzed, and about 600 persons were licensed as bonded samplers at processing mills. Soybean analysis also was undertaken: 7,452 samples were handled against 10,153 samples during the previous season. Applications of 41 soybean chemists and laboratories were recommended for approval.

Under the cotton improvement planting seed program, 18,716 cotton growers received payment on nearly 15,000,000 pounds of cottonseed—enough seed to plant 600,000 acres. (The Government program was discontinued, but the benefits derived influenced the State of Texas to continue such a program.)

Work done by PMA on cotton linters was largely responsible for the fact that during the war almost 99 percent of the annual production of a million bales of linters was suitable for chemical uses. The 50,000 bales found unsuitable for chemical uses in this war compares with 400,000 bales unsuitable in World War I. The Weekly Cotton Linters Review, published each Friday, carried price and market information to a mailing list of 425. Much of the information was reprinted in trade journals.

Considerable improvement was made during the year in the accuracy of various reports and in the effectiveness of services performed for farmers and the trade. Applications of the findings of the cotton quality reports to current problems relating to cotton quality aided in reducing rough ginning in many areas and in focusing attention on the need for higher quality cotton. Cotton classification and market news services were furnished to 343,000 members of 2,444 cotton improvement groups—7 percent more members than during the preceding year.

Backbone of the PMA cotton market-reporting work continued to be the issuance of cotton quality reports, cotton market news reports, cottonseed market news, a weekly report on cotton linters, and a monthly compilation of cotton price statistics containing analyses and discussions of factors affecting cotton prices. Special reports and memorandums were prepared on the basis of various analyses of supply, demand, and price situations.

#### MARKETING RESEARCH

Studies were continued of (1) practices and costs of marketing lint cotton, (2) cottonseed marketing and grading, (3) technological phases of ginning and associated processes, (4) economic aspects of ginning, (5) technical phases of standards of quality for cotton lint, (6) relation between factors of quality of raw cotton and its spinning performance and product quality, (7) fiber and spinning testing services for cotton breeders, merchants, manufacturers, research agencies, and others, and (8) development of standard procedures for fiber and spinning tests.

Quality and standardization research included comparative fiber and spinning tests on a complete set of official staple-length types. These tests showed that in general the present official staple-length types represent fairly satisfactory gradations in spinning value. A survey of the color of the 1945 cotton crop indicated very little color change between the crops of 1945 and of earlier years.

It was found that the average spread between farm prices and mill prices for the 1944-45 crop season was 176 points or \$8.80 per bale. This compares with a spread of 181 points or \$9.05 per bale for the previous season, and an 8-year average of 202 points or \$10.10 per bale for the period 1937-38 through 1944-45.

Costs of services connected with the physical handling of cotton in marketing channels (such as receiving at warehouses, sampling, weighing, marking, storing, and compressing) were assembled for the 1945-46 cotton season. Data on costs to cotton growers for ginning and packaging cotton and for other services performed by ginners in preparing cotton for market also were brought up to date to include the 1945-46 season.

Other research included (1) studies of the marketing aspects of standardized-variety production of cotton, (2) the methods employed by cotton mills in evaluating cotton quality, (3) technical problems in marketing (for example, sampling), (4) seed-cotton cleaning, (5) the conditioning and storage of seed cotton, (6) mechanized production of cotton, and (7) packaging of cotton lint.

#### NEW-USE PROGRAMS

Three cotton diversion programs were in effect during the year—cotton for paper, cotton for insulation, and cotton for batts for automobile upholstery. The objective of each program was to utilize and develop new markets for low-grade, short-staple American-grown cotton.

Manufacturers of high-grade ledger and bond papers are becoming increasingly interested in the use of lint cotton to fill a part of their raw-material requirements. The paper program provided for a Government maximum payment of 4 cents a pound for lint cotton used. It appeared that nearly 90,000 bales might be consumed through June 30, 1947. Prewar requirements of materials for which this segment of the paper industry could use cotton equal the equivalent of approximately 275,000 bales a year. Twenty-four concerns in 5 States participated in the program.

During the fiscal year the use of cotton for insulation increased to about 12 million pounds a year, after a wartime retardation—the result of shortages of manpower, equipment, and packaging material—in the development of cotton insulation. Although much development work remained to be done before the industry could become self-sustaining, by the end of 1946 the incentive rate per pound on the batt part of the finished insulation had been reduced from 9 to 7.5 cents. Provisions were made whereby an increasing part of the responsibility for maintaining the high quality of the insulation (properties now prescribed by Government specifications) might be shifted to the manufacturers. Concerns manufacturing insulation under the program were located in six States.

Eleven manufacturers of batts for automobile upholstery, located in five States, held approved applications for the use of lint cotton. Under the incentive payment of 4 cents a pound for cotton used, the manufacturers might use about 58,000 bales of cotton through March 31, 1947. Annual requirements of all types of fibers for use in the manufacture of batts for automobile upholstery are equivalent to about 300,000 bales of lint cotton.



## DAIRY PRODUCTS

### PRODUCTION, ALLOCATION, AND PRICE-CEILING ADJUSTMENTS

In continuation of its practice of setting milk production goals, the Department set the 1946 goal at 120.8 billion pounds.

Since requirements of the armed forces and the United Nations Relief and Rehabilitation Administration plus demands of United States civilians and foreign governments far exceeded the available supply of dairy products, it was necessary to maintain allocation controls on supplies of all major dairy products produced in the United States. PMA estimated the prospective supplies and recommended allocations among the various claimants. With the war's end, program emphasis shifted somewhat from procurement for military uses to procurement for famine relief in Europe and Asia. To assure adherence to the allocations in practice, it was necessary to maintain controls on imports and exports of dairy products. PMA worked with the Office of International Trade in maintaining and administering these controls.

Adjustment of price ceilings on milk for fluid use and on other dairy products became increasingly difficult during the year. Dairy products price ceilings were so adjusted as to replace subsidies or to enable manufacturers to keep producing after production costs had gone up. Ceilings were placed on milk and cream used for manufacturing purposes in June. In efforts to formulate price policies, representatives of PMA, the Department, the Office of Price Administration, and the Office of Economic Stabilization conferred repeatedly.

### SUBSIDIES

To maintain needed milk production under price ceilings, the Department continued a program of making subsidy payments. Maintained throughout the year were direct payments to individual milk producers for milk and butterfat they had produced and sold, and payments of subsidies to milk handlers by the Commodity Credit Corporation. The payments were handled in the field by the county committees. (See p. 5.) At the end of the year the handler subsidy program was in operation in 10 milk-marketing areas and had been discontinued in 2. Subsidy payments to Cheddar cheese manufacturers were continued through January 1946, when subsidy payments were terminated and a corresponding increase in ceiling price was authorized.

### FOOD ORDERS AND MARKETING AGREEMENTS

#### WAR FOOD ORDERS

Eleven War Food Orders regulating the manufacture and sale of milk and dairy products were in effect as the year opened.

WFO 2 required substantially all manufacturers of creamery butter to set aside specified percentages of their production for delivery to designated military, lend-lease, and war-service agencies. The order was terminated September 1, 1945, and all outstanding undelivered set-aside obligations were canceled. By early spring of 1946 it became evident that the short supplies of butter generally would make it necessary to reissue a butter set-aside order if military and related agencies

were to have any assurance of obtaining requirements. Accordingly, under a new WFO 2 effective May 1, 1946, manufacturers were required to set aside 20 percent of their butter production during May and June. Ninety-eight petitions for relief from hardship under the butter order were received in 1945, and 54 in 1946.

WFO 8, limiting the amount of milk solids used in ice cream manufacture, was designed to channel milk solids which might be used in making ice cream into the manufacture of products needed for war uses. Effective since February 1, 1943, it was continued through August 1945.

WFO 11, designed to simplify milk-handling operations and thereby save manpower and materials, was terminated effective November 1, 1945.

WFO 13, which banned the sale of heavy cream and established quotas on the production of filled cream, was terminated effective September 1, 1945. (See WFO 149, below.)

Under WFO 15, manufacturers of Cheddar cheese were required during July and August 1945 to set aside 65 and 60 percent, respectively, of their production. These controls were suspended effective September 1, 1945, but effective May 1, 1946, they were reinstated and required a 40-percent set-aside of May and June production for sale to designated Government agencies to meet military and foreign relief requirements.

WFO 54, before it was suspended effective September 1, 1945, required manufacturers of spray-process nonfat dry milk to set aside 75 and 70 percent, respectively, of their production in July and August 1945. On May 1, 1946, the order was reinstated, and manufacturers of both spray and roller process nonfat dry milk were required to set aside 60 percent of their May and June production to meet allocations to foreign buying countries, UNRRA, and other agencies for shipment to help relieve food shortages abroad. Forty-nine petitions for relief from hardship were received.

WFO 79 and its supplementary orders, which established maximum monthly quotas limiting the deliveries of fluid milk, cream, and milk byproducts that dealers could make to civilian consumers, were continued through July 1945. The provisions in the supplemental orders for record keeping and the transmission of reports were suspended in September.

WFO 92, designed to limit production of all varieties of cheese except Cheddar, cottage, pot, and baker's, became effective February 1, 1944, and was terminated effective September 1, 1945.

WFO 93, the sales-limitation order on dried-milk products and dried-milk compounds, became effective March 1, 1944, and was terminated August 24, 1945.

WFO 95, which provided for allocation of milk sugar, was suspended September 1, 1944, except for its reporting provisions. The order was terminated on August 26, 1945.

WFO 148 was issued effective June 1, 1946, to provide evaporated milk for military requirements and for use in famine areas abroad. The set-aside requirement was established at 60 percent for June.

WFO 149, prohibiting the sale of heavy cream, became effective July 1, 1946.

# MARKETING AGREEMENTS AND ORDERS

Operation of marketing agreements and orders under the Agricultural Marketing Agreement Act, as amended, was continued. In effect during the year were 29 marketing-agreement and -order programs for fluid milk and 1 agreement and license for evaporated milk. At the close of the year plans had been made for holding a referendum to determine whether producers favored the issuance of an order for the Cleveland area. Producers in several other markets also requested consideration of action looking to order programs.

Since demand for milk at ceiling prices in most cases exceeded supply, prices generally remained at ceiling levels throughout the year. Far from losing vitality during the war, the program of market regulation continued to expand since other important factors as distinguished from the establishing of minimum prices contributed to its strength.

## DISPOSAL OF DAIRY PRODUCTS

### SURPLUS-PROPERTY DISPOSALS

Through domestic channels, the Department disposed of dairy products declared surplus by other Government agencies. The largest sales were of butter declared surplus by the Army and the War Shipping Administration.

### INVENTORY DISPOSAL TO UNRRA, LEND-LEASE CLAIMANTS, AND FOREIGN GOVERNMENTS

The Department continued to buy dairy products for UNRRA, lend-lease claimants, and certain foreign governments. In addition, evaporated milk was bought under the school lunch program for Puerto Rico.

When lend-lease shipments ended on VJ-day, arrangements were made with lend-lease claimants for the purchase on long-term credit of those products the Department had previously bought for these claimants. After these shipments were completed, the former lend-lease claimants bought through the Department on a cash basis.

PMA sold dairy products held by CCC to domestic purchasers in order to reduce CCC inventories or dispose of out-of-condition stocks.

## MARKET NEWS

Dairy products market news operations continued along the lines followed in previous years. Federal-State cooperation in market-news work was encouraged. Three supplements to the Dairy and Poultry News Handbook and a special release titled "Postwar Use of Market Quotations" were issued. During 1947, establishment of market news offices at Detroit, Cincinnati, and Atlanta will make the service available in 17 cities.

## GRADING

PMA continued its work of grading dairy products. The products graded and the volume of each were: Cheese, 200,954,097 pounds; butter, 182,928,078 pounds; dry milk, 250,201,097 pounds; evaporated milk, 11,636,280 cases; and butter oil, 306,482 pounds.



## ASSISTANCE TO INDUSTRY

## PLANT FACILITIES

PMA continued to administer the program for acquiring and operating milk-drying facilities financed with lend-lease funds and to make recommendations on policy in connection with the disposal of these facilities.

## MATERIALS AND EQUIPMENT

Owing to shortages of materials and equipment, it was necessary for PMA to continue to make recommendations to the War Production Board and the Civilian Production Administration on the granting of priority assistance to processors of milk and dairy products. PMA also worked with other agencies to see that containers for the various dairy products were made available to processors, and cooperated with other Government agencies to see that assistance was given to processors of dairy products in obtaining necessary fuel, transportation equipment, and labor.

## FATS AND OILS

Purchase, loan, and price-support programs in effect during the fiscal year for soybeans, flaxseed, peanuts, cottonseed, and tung nuts compensated producers for their special efforts to increase the output of oilseed crops and were thus in accord with the Department's over-all food production and export policy. This country has been able to export large tonnages of fats and oils to the war-ravaged nations by expending large amounts of public funds through various subsidy and price-support programs and by restricting the over-all consumption of fats and oils through the use of limitation orders. Since the war ended, domestic requirements and foreign relief shipments for civilians have been emphasized. A shortage of over 2 billion pounds in world needs of fats and oils during the year created serious emergency operating problems.

## PRODUCTION AND PROCUREMENT

It was estimated that 8,238 million pounds of fats and oils would be used in all programs during the fiscal year. Actual disappearance of 8,488 million pounds is indicated. As the year opened, total fats and oils stocks approximated 1.6 billion pounds. At the end of the year, production was estimated at 7.65 billion pounds—129 million pounds below estimates made 12 months earlier. Oil imports in the form of oil and oil-bearing seeds and materials were estimated at 622 million pounds, an increase of 195 million pounds over first-of-the-year estimates.

Fats and oils imported for the account of the Commodity Credit Corporation were held in stock pile for subsequent distribution to domestic manufacturers, in accordance with PMA allocations. Fats and oils privately purchased were imported under permits granted under War Food Order 63. PMA also undertook procurement of all vegetable oils, oilseeds, and oilseed meals in South America and the Philippines for foreign governments under Combined Food Board arrangements. Foreign procurement was being returned to private hands, even though CCC might, under specified conditions and agreements, continue to buy for foreign governments.

PMA handled the domestic procurement of the shortening, margarine, soap, soybean oil, and other products required to meet export commitments to the United Nations Relief and Rehabilitation Administration and to certain European governments.

PMA handled 49,889,000 pounds of oilseed products declared surplus by the War and Navy Departments. Peanuts, chemical cotton pulp, linters, and flock made up about 86 percent of the total. Two-thirds of the peanuts declared surplus were purchased by CCC for UNRRA use. Only 353,000 pounds of these surplus commodities remained on hand at the year's end.

#### LOANS AND PRICE SUPPORT

In connection with the Price Policy Act of July 1, 1941, and the Stabilization Act of 1942, as amended, price-support and loan programs administered by PMA were in effect for soybeans, peanuts, and flaxseed produced from the 1945 crop. Similar programs were announced for the 1946 crop.

Prices to producers for 1945-crop soybeans were supported at \$2.04 per bushel for U. S. No. 2 yellow and green soybeans containing 14 percent moisture (premiums and discounts for other grades). An estimated 158 million bushels from this crop would be crushed at a cost of about 32 million dollars.

Flaxseed prices were supported at \$3 per bushel, Minneapolis basis, for U. S. No. 1 grade. In addition, Congress authorized incentive payments of \$5 per acre for seeding flaxseed. Approximately \$22,953,000 was paid to producers under the incentive program.

The 1945-crop peanut program was made effective through issuance of WFO 130, under which CCC acquired the entire crop. The picked and threshed production of peanuts was estimated at 1,030,000 tons. About 860,000 tons were handled under this program. Included were 640,000 tons used for edible purposes and 150,000 tons crushed for oil (including 106,000 tons of farmers' stock equivalent of No. 2 shelled peanuts). Prices paid to producers averaged \$160 per ton. Peanuts acquired by CCC were sold for edible purposes at prices ranging from \$7.50 to \$13 per ton above the prices paid to producers. Prices for peanuts sold for oil were approximately \$70 per ton below prices paid producers. The subsidy to mills for crushing No. 2 shelled peanuts amounted to approximately 6 cents per pound. Total cost to the program per pound of oil was estimated at 15 cents, and net cost to CCC at 6.5 cents. Total net losses to CCC under the program were estimated at 6.5 million dollars.

Prices for 1945-crop cottonseed were supported by means of an open offer that was accepted by practically all mills crushing 1945-crop cottonseed. Mills agreed to pay for basis-grade (100) cottonseed, purchased in lots of 5 tons or more, not less than \$55 per ton f. o. b. shipping points in New Mexico, Oklahoma, and Texas (except Bowie County) and \$56 f. o. b. shipping points in Bowie County and all other States. The mills offered no cottonseed oil or meal to CCC under the arrangement. Directives issued under War Production Board General Preference Order M-12 required every cottonseed mill to deliver 80 percent of its total linters production to CCC in the form of linters acceptable for chemical use. This order was canceled August 20, 1945. Thereafter CCC was obligated to buy chemical-

quality linters up to 65 percent of the total linters produced by each mill accepting the offer.

Price of 1945-crop tung oil was supported at 30 cents per pound, provided processors agreed to pay for all nuts purchased a price reflecting the average of that obtained for the oil. About 60 percent of the industry accepted this support program, and the market price of tung oil remained at ceiling throughout the year.

On bulk shortening sold in tierces or drums holding over 300 pounds a subsidy was paid at the rate of 40 cents per hundred pounds of vegetable oils used in standard shortening and 20 cents per hundred pounds of vegetable oils used in hydrogenated shortening. Approximately \$522,588 was paid under the program, which was terminated on December 31, 1945.

Payments on the peanut butter subsidy after July 1, 1945, amounted to \$4,973,453. Payments up to the termination of the program on November 1 totaled approximately \$19,500,000 on an estimated 440 million pounds.

#### REGULATION

Nine regulatory orders affecting fats and oils were terminated during the year. The eight orders continuing in effect at the end of the year were as follows: WFO 29 (restrictions on the delivery and use of cottonseed, soybean, peanut, and corn oil); WFO 42 (restrictions on the use of fats and oils in edible fat or oil products); WFO 42a (use of fats and oils in protective coatings, coated fabrics, and floor coverings)\*; WFO 42b (use of fats and oils in soap); WFO 43 (restrictions on the use, processing, sale, and delivery of coconut, babassu, palm-kernel, and other high lauric acid oils); WFO 67 (inedible tallow and grease); WFO 124 (linseed oil inventories); and WFO 130 (purchase, sale, and use of 1945-crop peanuts).

### FRUITS AND VEGETABLES

#### PRODUCTION

Production goals, which were an important element in the wartime food program, continued as the basis of potato and sweetpotato production for the 1946 crops, and production guides were developed for the commercial truck crops. The potato acreage goal for the 1946 crop was set slightly below the 1945 acreage, whereas the sweetpotato goal was a little above that for 1945. On truck crops for fresh market a total acreage about equal to that of 1945 was suggested in the production guides. For processing vegetables, reduced requirements for the military and other wartime outlets indicated the need for reducing plantings of some crops and for holding the acreages of others to about the same as those of 1945. The sole exception was tomatoes, for which an increase was suggested.

#### ALLOCATIONS

Allocations of all fruit and vegetable commodities, except dried fruits, were terminated during the year or lapsed on June 30, 1946. Following substantial reductions in the food requirements of our armed forces and our allies after VJ-day, potatoes, sweetpotatoes, and

\* WFO 42a was suspended, effective July 1, 1946.



dehydrated vegetables were removed from allocation. Canned vegetables and most fruits and fruit products continued under allocation throughout the year, but with the prospects of record supplies during the 1946 season, allocations were discontinued on June 30, 1946. Dried fruits, allocated on the basis of a crop year beginning September 1, were continued under allocation throughout the fiscal year. Allocation of hops was discontinued in January 1946.

#### PRICE CONTROL AND SUBSIDIES

In price and rationing activities, the trend during the year was toward decontrol. The point rationing system for processed foods, which included the only fruit and vegetable commodities under rationing, was formally discontinued shortly after VJ-day. Thereafter, numerous fruit and vegetable products were exempted from price control, including fresh apricots, cherries, plums, Italian prunes, and several fresh vegetables. The price controls over the following major products were suspended: Potatoes, all berries and processed berry products (except cranberries), watermelons, processed snap beans and spinach, pickles and pickled products, citrus products and, for a short period, fresh citrus fruit. For those fruits and vegetables that remained under control, the base prices for fresh use to which market price ceilings were keyed, and the designated raw material prices to growers to which ceilings for processed products were keyed, were recommended for the 1946 season after consultation with advisory committees from the industry and representatives of the Office of Price Administration.

In general, consistent with the "hold-the-line" policy, the practice was followed of continuing these base and designated prices constant from year to year except where adjustments were legally required because of increases in parity prices. Adjustments also were made in ceiling prices of a number of commodities to allow for increased handling costs or otherwise to provide more satisfactory price relationships. In addition, numerous regional and seasonal adjustments were made because of crop disaster.

In the case of dried prunes and raisins and of canned and frozen green peas, tomatoes, sweet corn, and snap beans, subsidies were used to make up the discrepancy between the designated raw material prices to growers and the returns actually reflected in ceiling prices of the processed products. This made it possible to pay the higher prices necessary to enable growers to undertake the increases in production needed for war purposes without unstabilizing prices to ultimate consumers. Following the suspension of price control on snap beans processed after March 1, 1946, the subsidy on the further pack of this commodity was discontinued.

#### SUPPORT PROGRAMS

To encourage needed production during the 1945 season of the four major processing vegetables (tomatoes, green peas, corn, and snap beans), designated prices were guaranteed to growers as support prices and announced in advance of the planting season. The support prices were made effective by requiring that processors pay them to growers as a basis for receiving payments under the subsidy program. A further support measure, applicable to these and other canned vegetables

and to canned fruits in 1945, was the guarantee to canners paying designated prices for raw material that at least 90 percent of the quantities of canned products they were required to set aside under War Food Order 22 would actually be purchased by the Government. The only support purchases required under this program were small quantities of canned snap beans, beets, and carrots. Because no stimulus to production appeared necessary on the 1946 crop, the price-support guarantee was not continued.

Price supports to growers, in encouragement of production, were in effect also on all the dried fruits except dates. Support prices announced for the 1944-45 season were continued for 1945-46 except in the case of dried prunes, which were reduced \$10 per ton, and raisins, which were increased \$10 per ton. No activities to support prices were required on any dried fruits during the year.

In the case of potatoes, support to growers at prices not less than 90 percent of parity is required in accordance with the Steagall amendment. Support prices, announced at the beginning of the season, were made effective by purchase and diversion programs early in the season and by loan programs on the later, storable portion of the crop.

The fulfillment of this commitment presented the outstanding commodity problem of the fiscal year. When hostilities ceased, the third largest potato crop in history—about 425 million bushels—was being harvested. After the cancellation of dehydration contracts, drastic cut-backs in fresh potato requirements by the military forces, and termination of lend-lease activities, market prices fell and price-support purchases began on a large scale. By the end of the 1945 crop season, over 28 million bushels of potatoes had been purchased or otherwise diverted from the fresh market, and loans had been extended on more than 57 million bushels—the largest potato loan operations ever conducted. In addition to loans on potatoes in regular farm and track-side storehouses, an emergency loan program was conducted for potatoes in temporary storage.

In the light of this surplus from the 1945 potato crop and the prospect of further decreases in requirements, it was apparent that production needed to be cut in 1946. Accordingly, a national goal of 2.77 million acres was established, estimated under normal conditions to yield 378 million bushels. These figures represented reductions of 17 and 19 percent, respectively, from the wartime maximum of potato acreage and production.

Owing to overplanting of the goals, particularly in the higher yielding States, as well as exceptionally good growing conditions which produced a record high yield for the country as a whole, the 1946 crop was much larger than could be handled through regular trade channels. The surplus started with the early commercial crop. Instead of the 14-percent acreage decrease from 1945 called for in the goal for early commercial potatoes, actual acreage showed an increase of nearly 7 percent. With the record indicated average yield of over 200 bushels per acre, production reached nearly 82 million bushels—17 million bushels above the 1945 crop and more than half again as much as intended under the goals.

Government price-support purchases started in Florida on May 3; by June 30 they had exceeded 20,000 carlots—more than 12 million bushels—and purchases were continuing across the country from

Virginia to Florida. Of this quantity about 170,000 bushels were distributed for school lunches and to welfare institutions; 200,000 bushels to starch and flour manufacturers; and some additional quantities for stock feed. The great bulk of the purchases was diverted to distillation. On the balance of the 1946 crop, acreage for harvest was slightly below the goal, but anticipated high yields, reflecting in part the continuing shift to higher yielding areas in production, made for an estimated total production substantially over the goal intention. As the year ended, the total 1946 crop surplus at support prices was being tentatively estimated at about 45 million bushels. This estimate was later doubled when it became apparent that the crop was a record large one.

Sweetpotatoes are likewise a "Steagall" commodity supported at 90 percent of parity. The 1945 crop was relatively small, however, and very little support activity was necessary. Fewer than 25,000 bushels were purchased, and a very few sweetpotato loans were made.

A number of vegetables for fresh market were bought to relieve temporary surpluses of seasonal production. This was in continuation of the policy followed in previous years of extending market assistance to growers to the extent that the Department has outlets for the surpluses that are bought. Vegetable purchases during the year were all distributed for use in school lunches and by eligible institutions.

#### PREVENTING FOOD WASTE

Industry, in cooperation with the Government, carried on some particularly effective programs during the year to help growers by featuring information on plentiful seasonal supplies of fruits and vegetables and promoting their fullest utilization. Commodities the consumption of which was promoted in this way were peaches, potatoes, citrus fruit (both fresh and canned), cabbage, carrots, and toward the end of the year other spring and early summer vegetables and melons.

#### SURPLUS DISPOSAL AND SALES

The end of the war brought sharp reductions in the requirements of our military and war services, as well as in the needs of our allies for whom the Department had been acting as procuring agency, and large volumes of fruit and vegetable products in the hands of the Government became available for other disposition. Wherever possible, an effort was made to utilize these supplies for meeting the needs of peoples in recently liberated countries. Some quantities were utilized by other Federal Government agencies, such as the Veterans Administration, and this reduced the agencies' demands on supplies in the commercial market. Whatever supplies remained were sold to the trade, with priority to veterans' purchases, and later disposed of in regular commercial channels. PMA had the task of disposing of the Commodity Credit Corporation's fruit and vegetable inventories as well as all fruit and vegetable products declared surplus by other Government agencies. Only about 4 percent of the products declared surplus during the year by other Government agencies remained unsold on June 30, 1946, and only about 1 percent of the CCC inventories remained.



## DISPOSAL OF SURPLUS PLANTS AND EQUIPMENT

To meet special needs during the war, the Government financed a considerable expansion of facilities for vegetable dehydration, for the manufacture of concentrated citrus juice, and for the artificial drying of raisins. In the case of raisins, for example, the Department in 1943 acquired 1,741,000 drying trays and 824,000 sweat boxes, and built and leased 17 dehydration plants. During the fiscal year 1946, the disposal of such equipment and plants was begun. Approximately 40 percent of the raisin-drying trays and boxes had been sold by June 30. No raisin-drying plants were sold during the year, but new leases had been made that provided for liquidation of Government ownership of them. Similar arrangements had been made covering the two citrus products plants built by the Government as well as most of the vegetable dehydration plants. Those vegetable plants whose lessees wished to terminate their leases were being disposed of through the War Assets Administration.

## REGULATION

## WAR FOOD ORDERS

Obtaining the proper division of fruit and vegetable supplies among various types of utilization and making effective the allocations of these commodities among the armed forces, foreign claimants, and domestic civilians were principal wartime problems. In a number of instances these involved the use of War Food Orders directing the utilization of fruits and vegetables or requiring that products be set aside or otherwise made available for Government procurement. These War Food Orders were worked out in consultation with the industries concerned.

The year saw the termination of most of these orders, and it was anticipated that the remainder would be of limited duration. At the beginning of the year there were 14 War Food Orders affecting fruits and vegetables, including WFO 63 governing the importation of all foodstuffs. WFO 143, which set aside Northwest apples to meet Government needs and restricted commercial marketings of these apples, was issued on September 3, 1945, and was terminated on April 23, 1946. At the end of the year only 4 orders remained, and 2 of these had been relaxed or partially terminated.

## MARKETING-AGREEMENT PROGRAMS

Under the Agricultural Marketing Agreement Act of 1937, as amended, the Secretary of Agriculture is authorized to enter into agreements with processors, producers, associations of producers, and others, regulating the handling of agricultural commodities in interstate or foreign commerce, and to issue regulatory orders in the case of specified commodities or products, including most fruits and vegetables for fresh market, and tree nuts. The purpose of these programs is to raise producers' returns toward parity levels through regulating the marketing of available supplies.

At the beginning of the fiscal year, 20 marketing-agreement and -order programs were in effect for fruits and vegetables. Regulatory

activities were undertaken under only 6 of these programs (4 of them related to the marketing of citrus fruits) because in the case of many fruits and vegetables, grower prices exceeded parity levels and the Agricultural Marketing Agreement Act limits the use of regulations under the agreements to periods during which prices are below parity.

The two programs besides those affecting citrus fruits that were active during the year covered Georgia peaches and California plums. At the beginning of the 1945 season it appeared that season prices for these fruits would average below parity, and regulations were issued. By midsummer, however, it became evident that prices for the season would average above parity, and regulations consequently were terminated on July 21, 1945. Again, at the beginning of the 1946 season early in the second half of the fiscal year, it appeared that prices for Georgia peaches and California plums might average below parity prices, and regulations were begun under the marketing agreements for these two commodities.

The program on Colorado onions, which had been inactive, was terminated during the year, as was the agreement and order on hops, legislative authority for which expired on September 1, 1945. In the spring of 1946, the marketing agreement and order on Colorado peas and cauliflower again became operative, with the appointment of the industry committee, after suspension of the program during the war years. At the request of growers and shippers of Florida celery, development work was done on a marketing-agreement and order program for Florida celery. Public hearings on a proposed agreement and order were held in Florida in June 1946.

Proposed amendments to the marketing agreement and order covering Florida citrus fruit were submitted to the Department. A public hearing on the proposals was held in Florida in March 1946, from which it was concluded that the marketing agreement and order should be amended. Following tentative approval by the Secretary of the proposed amendments, the necessary sign-up of handlers for amendment of the marketing agreement and the referendum of producers on amendment of the order began on June 3, 1946.

#### PERISHABLE AGRICULTURAL COMMODITIES ACT

High lights during the year in the administration of the Perishable Agricultural Commodities Act, which is a regulatory statute intended to suppress unfair and fraudulent practices in the marketing of perishable agricultural commodities in interstate or foreign commerce, were the new peak in the number of active licenses, and increases in the number of informal settlements and in the sums paid in connection with these settlements. All commission merchants, dealers, and processors handling fresh or frozen fruits and vegetables in interstate or foreign commerce in carlots or in wholesale quantities of 1 ton or more are required to be licensed, and violations of the act are punished by awarding reparations as damages or by other disciplinary actions.

At the end of the year licenses in effect totaled 22,126, an increase of 1,159 in 12 months and the largest number in the history of the law. Payments made in connection with the amicable settlement of registered complaints amounted to \$1,188,200—approximately \$123,650 more than during the preceding year. A comparison between acti-

vities of the 2 years indicates a trend toward increased numbers of informal settlements of disputes through the efforts of PMA rather than insistence on formal action. Informal settlements of controversies in lieu of formal action were made in 85 cases, an increase of 32 over the previous year. Formal orders numbered 76—10 fewer than in 1945.

Activities under the Produce Agency Act were limited. Only seven complaints were recorded and no prosecutions appeared to be warranted. The only complaints handled were those that could not be handled under the Perishable Agricultural Commodities Act—chiefly complaints involving consignment transactions.

PMA also administers the Standard Container Acts of 1916 and 1928, which fix standard sizes for various baskets and hampers for fruits and vegetables, the purpose being to protect buyers against fraud and deception and generally to facilitate the marketing of fresh fruits and vegetables through eliminating the multiplicity of odd sizes in containers such as were formerly used. Owing to wartime disruptions and dislocations, one of the principal functions of PMA in respect to containers throughout the year was to cooperate with various Government agencies in connection with problems of container supplies arising from shortages of material and control of prices. Return to more normal marketing conditions will require renewed emphasis on standard-container work.

There was little or no activity under the Export Apple and Pear Act, because exports of apples and pears were largely discontinued during the war.

#### MARKET NEWS

Since 1915, when the market news service on fresh fruits and vegetables was established, current information has been collected and compiled, covering supplies, movement, and prices of fresh fruits and vegetables in important terminal markets and major producing and shipping sections. This information is disseminated by mail, press, radio, telegraph, telephone, and by personal contact to growers, shippers, receivers, transportation agencies, research organizations, extension workers, and others interested in the production, distribution, and marketing of these products.

The market news service for fruits and vegetables operated 22 permanent market offices and 41 seasonal shipping-point offices during the year. For the first time in recent years seasonal offices were operated at Spartanburg, S. C., and Grand Junction, Colo., covering the marketing of peach crops in those areas, and at Grand Forks, N. Dak., covering the marketing of the large Red River Valley potato crop. The office at Belle Glade, Fla., was operated during the entire vegetable-shipping season instead of for only 4 months as in the past.

In the permanent market offices, a report is prepared each day giving complete, up-to-the-minute information on trading supplies, demand, quality and condition, market trends, and prices on all important fruits and vegetables. Daily reports published by the seasonal field offices are similar to the city market reports, except that they cover only the commodity or commodities being currently marketed in the area and are adapted to the special needs of producers and shippers.



In addition, a daily report is prepared in Washington from information supplied by railroads, boat lines, and the American Railway Express Agency, covering carload shipments by States of origin on about 46 commodities. Daily reports are consolidated into weekly comparative reports and later into an annual report.

Cooperative agreements, maintained with 21 States and the Territory of Hawaii, provide much more service in the collection and dissemination of market news than the Federal department could have handled alone.

Marketing information on fruits and vegetables collected by the market news service is widely distributed. In the fiscal year nearly 8,500,000 copies of market reports were mailed to approximately 59,000 individuals and firms; 40 metropolitan newspapers and 3 press associations, as well as numerous newspapers in producing areas, carried market information provided by the service; and approximately 465 radio stations carried some fruit and vegetable market information—both for producer and consumer benefit.

In addition to fruit and vegetable reports, weekly peanut and semi-monthly honey reports were issued from the Washington office.

#### STANDARDIZATION AND INSPECTION

U. S. standards for grades of fresh fruits and vegetables developed by the Department over the course of the last 30 years, at the request of growers, shippers, dealers, processors, cooperative associations, and members of individual industries, form an important basis for the buying and selling of these products. Standards have been developed and issued covering 68 commodities. During the fiscal year the following new standards for fresh fruits and vegetables were issued: Cherries—sweet, for canning or freezing; peaches—freestone, for freezing or pulping; peas—for canning or freezing; beans—lima, shelled for processing; beets—for processing; parsnips. In addition 6 standards were revised during the year, and work was under way looking to the issuance of at least 8 new or revised standards during the coming year.

The development of new methods of utilizing and marketing fruits and vegetables calls continuously for new developments in standardization. Recently there has been increasing demand for the formulation of consumer standards, as distinguished from the wholesale standards now in effect, so that definite grade, marking, and packing specifications would be available for use by those who pack or intend to pack fresh fruits and vegetables especially for the consumer trade. Another new development is the experimental shipment of highly perishable fruits and vegetables by air, and airplane officials, as well as others interested in the marketing of such products, have suggested that the Department consider the possibility of issuing U. S. standards for air-borne fruits and vegetables.

The mechanism for uniform application of the official grade standards throughout the country is the marketing inspection service for fresh fruits and vegetables. Some 2,400 licensed inspectors inspect particular lots of these commodities and certify them as to grade in accordance with official standards or otherwise as to quality or condition. The service is furnished at about 60 terminal markets, naval

stations, and quartermaster market centers, at numerous shipping points throughout the country, and at a number of processing plants. During the year nearly 1 million cars of fresh fruits and vegetables were shipped by rail to city markets. A majority of such carload shipments were certified on the basis of U. S. standards by Federal-State inspectors at shipping points. A considerable portion of shipments by motortruck was also inspected, as well as a large volume of raw products delivered to plants for processing.

Standardization and inspection work on processed fruits and vegetables, a newer development than such work on fresh products, has developed since its beginning in 1926 into an important marketing service. Grading determinations, based on the U. S. standards, are used generally in Government procurement of processed fruit and vegetable products. They are being used increasingly in buying and selling by processors, wholesalers, brokers, chain stores, institutional buyers, and in the retail trade itself. Particularly important is their use by banks as a basis for financing the storage of processed products.

As the year ended, U. S. standards for grades of processed fruit and vegetable products in effect numbered 88. Of these 63 covered canned products (including jams, jellies, and preserves), 8 covered dried fruits, and 17 covered frozen products. Seven of the standards were issued for the first time during the year, and 4 were revised and amended. On the basis of work in progress, it was anticipated that at least 17 new and revised standards would be issued during 1947.

Use of the grade standards is permissible rather than compulsory, and the widespread adoption of them throughout the industry has amply demonstrated their value in the production and sale of processed fruit and vegetable products. Processors, wholesalers, brokers, chain stores, and bankers used the inspection service more extensively in 1946 than ever before. The entire packs of many processors were inspected and certified. Commercial inspections of canned fruit and vegetable products increased 72 percent over the previous year. The substantial increase that occurred also in the volume of commercial inspection of frozen fruits and vegetables was attributable partly to the heavy increase in the pack of frozen fruits and vegetables but chiefly to the desire of both sellers and buyers to learn more about the quality and grade of these products. Inspection service was also provided for all Federal Government departments covering purchases of canned, frozen, dehydrated, and dried fruits and vegetables, and to a large number of other food products.

Continuous inspection is a special type of service rendered to individual processors who request it. A contract is entered into with these processors under which a resident inspector is maintained in the plant of the processor at all times to observe the preparation of raw materials and processing of the products for which the service is contracted. In turn the processor who meets the necessary requirements may label his finished product as packed under continuous inspection of the USDA and may designate it by U. S. grade on the label. This type of service, initiated in 1938, has proved increasingly popular, and with the decrease in Government inspections during the last year, it has been possible to render the service to 87 companies with 114 plants, as compared with 56 companies with 74 plants in the previous year.

## GRAINS, PULSES, FEEDS, AND SEEDS

### GRAIN EXPORTS

Perhaps foremost among PMA activities was the grain export program to relieve famine conditions in foreign countries. Extraordinary measures had to be taken to procure the needed supplies of grain and to facilitate their movement to the foreign areas in greatest need.

By the end of the year shipments totaled more than 400 million bushels of bread grains, largely wheat, wheat flour, and corn, the equivalent of approximately 10,500,000 long tons. The addition to this of exports of rice, oats, rye, and barley, brought the total of all grains exported during the year to nearly 12 million long tons—by far the largest volume in the total of all food shipments during the year. The amount shipped nearly doubled what the United States was expected, early in the year, to be called upon to contribute to total world-wheat shipments.

To meet these greatly increased export requirements, many emergency measures and special programs had to be instituted. It was necessary through War Food Orders under the Second War Powers Act to limit the use of wheat for feeding purposes, to prohibit its use by the alcohol-producing industry and by some other industries, to increase the flour-extraction rate, and to limit the amount of flour available for domestic consumption. Special incentives to increase farm marketings had to be provided in order to get the grain to market in time to meet shipping schedules. Outstanding among these incentives was the payment of a bonus of 30 cents a bushel on wheat and corn to growers to stimulate increased marketings off farms.

Allocations of grain were made after consultation with members of the Combined Food Board to the various countries in accordance with the most pressing needs, and PMA was responsible for procuring supplies required by the United Nations Relief and Rehabilitation Administration, the Army, and the cash-paying foreign governments.

While PMA had the major responsibility for procurement and for instituting most of the emergency measures, the volume of exports could not have been achieved without the cooperation and support of farmers, processors, distributors, transportation industries, other Government agencies, and the consuming public.

### FEED CONSERVATION AND DISTRIBUTION

The existence of strong incentives to extensive livestock feeding on the one hand and of the need for diverting increased supplies of grain from livestock feed to human food on the other, made livestock operations increasingly difficult to carry on. The extremely close balance between livestock and poultry numbers and feed supplies under conditions of controlled prices caused maldistribution of feed supplies as between the different livestock enterprises and production areas as well as between seasons. High-protein feed ingredients, in particular, were in urgent demand, and the problem of assuring an equitable distribution of supplies required a quick solution. Programs of protein-meal conservation and of industry cooperation for effecting equitable distribution on a voluntary basis failed to have sufficiently effective



results, and formal action had to be taken in the issuance of War Food Orders to control the use and distribution of these important feed ingredients.

Problems concerning regional shortages and the maldistribution of supplies were not confined to protein feeds for long. Unprecedented feed requirements caused supplies of feed grains to disappear at an alarming rate, and wheat was increasingly drawn upon as a substitute for corn, which now became more and more difficult to obtain. The difficulties of livestock producers in the feed-deficit areas and of the feed trade generally in securing needed grain supplies were intensified by the actions and programs designed to divert increased grain supplies from livestock feed to human consumption.

A number of War Food Orders had to be instituted for the purpose of bringing livestock and poultry operations into line with available feed supplies and recommended production goals, of checking the increased use of food grain for feed, and of promoting equitable distribution of feed supplies as between surplus and deficit areas where feed shortages threatened excessive liquidation of livestock. To achieve these objectives, the orders that were issued imposed widespread restrictions upon producers and processors with respect to purchases, deliveries, use, and inventories.

#### LOANS, PRICE SUPPORT, AND PROCUREMENT

Farmers put relatively small quantities of grain under Commodity Credit Corporation loans because market prices during most of the year were substantially higher than the loan values. Nevertheless, loan and price-support programs had been set up at the beginning of the marketing season for the various crops, as required, at 90 percent of parity for such basic commodities as wheat, corn, and rice, and at various rates for barley, flaxseed, grain sorghums, oats, rye, soybeans, cover crops, and hay and pasture seeds. Only 59,659,453 bushels of wheat, 2,639,449 bushels of corn, 1,118,163 bushels of oats, 2,142,444 pounds of hay and pasture seeds, and smaller quantities of other 1945 crops were put under loan. The quantities of grain and grain products purchased through CCC, principally for export, were much larger than the quantities under loan. Purchases included more than 266 million bushels of wheat, corn, and other whole grains, nearly 2 billion pounds of wheat flour, and nearly 1 billion pounds of other grain products.

Price-support and loan programs covering the 1946 crops that had been announced by the end of the fiscal year included barley, dry edible peas, dry beans, soybeans, flaxseed, grain sorghums, oats, wheat, and hay and pasture seeds. Price-support programs for corn were to be announced later.

#### RICE, BEANS, PEAS, AND SEEDS

Rice, because of its high caloric value per unit and the ease with which it is handled, ranked high on the list of food products needed for foreign relief. PMA was called upon to distribute equitably the United States supplies among the various claimant groups, to develop procurement patterns and procedures, and to administer rice set-aside orders. It procured domestic rice for approved Government agencies, UNRRA, the United States Commercial Company (for the Philippine

Islands), Puerto Rico, the Virgin Islands, Hawaii, Alaska (before October 1, 1945), and various other claimants. The needed supplies were obtained directly from 58 rice mills under firm contracts.

In September 1945, foreign purchase programs were undertaken to assure rice distribution in accordance with Combined Food Board allocations and to help check the inflationary tendencies present as a result of an acute world shortage of rice. Siamese rice was procured for shipment to the Philippine Islands, and, as the year ended, rice procurement from Brazil (under a tripartite agreement signed by the United Kingdom, the United States, and Brazil at Rio de Janeiro on December 21, 1943, and extended on June 7, 1945) was being considered.

A subsidy program on dry edible beans was developed by PMA in 1945 as a means of encouraging increased production without increasing consumer prices. Dockets, agreements, forms, and instructions were prepared to place the program in operation on September 1, 1945, and to continue it through August 31, 1946. Subsidy agreements were executed by about 150 bean dealers. As of June 30, 1946, a total of \$4,720,000 in subsidy payments had been made on approximately 6,692,000 bags. The market for beans was firm, and no offers were made to the Commodity Credit Corporation at support prices. Commodity Credit Corporation purchases, however, were made at Government set-aside prices in response to Government set-aside orders and requests. Purchases aggregated 23,557,600 pounds.

Under the dry edible pea purchase program to support the price of the 1945 crop, CCC purchased 15,953,800 pounds of peas. During most of the year, prices remained above the support level, partly as a result of procurement activities by CCC and the Army in the last half of the crop year. CCC acquired and delivered to claimants a total of 39,355,300 pounds, including the quantity purchased to support prices.

Principal seed activities were the procurement and programming of seeds for export. More than 156 million pounds of field seeds were bought under standard specifications and contract conditions that had been developed over a period of years. Contract purchases of vegetable seeds totaled more than 12 million pounds, and spot purchases totaled nearly 16 million pounds additional. Seeds were shipped to 27 countries, of which 9 were supplied by UNRRA.

Again this year the State and county committees administered commodity loans with Commodity Credit Corporation funds and carried out purchase programs when purchases were required to make good on price commitments. The committees purchased, mostly in Oregon, about 2½ million pounds of cover-crop seeds from the 1944 and 1945 harvests. The seeds included hairy vetch, Willamette vetch, common ryegrass, and crimson clover. In 1945 (calendar year), most of the cover-crop seeds moved through commercial channels.

#### SPECIAL SEED-HARVESTING PAYMENTS

The regular agricultural conservation program includes payment for the harvesting of specified legume and grass seeds. In addition, each year since 1944 Congress has appropriated a supplemental fund of 12½ million dollars to provide further incentives to production and harvesting in order to meet a threatened shortage of legume and grass seeds, badly needed in this country and Europe.

This special appropriation permitted payment of up to \$3.50 an acre for harvesting the seeds of alfalfa, red clover, and alsike. For these three, seed payments could be earned in 1944 and 1945 (calendar years) on an unlimited acreage; for other seeds, the acreages were limited.

In addition, payments of 3½ cents a pound for red clover seed and 2½ cents a pound for alfalfa and alsike seeds were made in 1944 and 1945 (calendar years) to encourage early movement of these seeds into commercial channels. In 1946 (calendar year) the payments were 9 cents for red clover seed and 7 cents for alfalfa and alsike seeds.

In 1945 (calendar year), second year of the special seed program, harvested acreages of the three seeds were: Red clover, 2,156,500 acres—94 percent more than in 1942; alfalfa, 835,400 acres—38 percent more; and alsike, 142,000 acres—59 percent more.

Production of the three seed crops in 1945 (calendar year) were as follows: Red clover (thresher-run seed), 101,322,000 pounds; alfalfa, 68,760,000 pounds; and alsike, 20,184,000 pounds. Compared with 1942 production, these yields showed increases of 65, 17, and 33 percent, respectively.

#### REGULATION

##### UNITED STATES GRAIN STANDARDS ACT

Under this act, passed in 1916, the Secretary of Agriculture is authorized to establish official standards and inspection for grains. Official standards have been promulgated for wheat, barley, oats, feed oats, mixed feed oats, rye, mixed grain, flaxseed, corn, grain sorghums, and soybeans. After promulgation of standards for any grain, it must be inspected, graded, and certificated according to the official standards whenever it is merchandised by grade in interstate or foreign commerce from or to an inspection point. The primary inspection of grain is performed by inspectors of State and trade inspection departments and in some cases by independent inspectors, all licensed by the Secretary. Federal offices are maintained at headquarters in districts comprising definite areas for the purpose of supervising the work of the licensees and handling appeals from their inspections. These offices also aid in enforcing provisions of the act against fraud and misrepresentation in grain marketing.

More than 2 million inspections—a new high record—were made in 1946 by licensed inspectors. The quantity of grain inspected totaled more than 4 billion bushels, or more than 2.3 million carloads; the number of inspection certificates issued under the act totaled more than 2 million. The inspections included vast quantities of grain inspected for export. Inspection activities included problems involving quality defects, storage damage, the use of open-topped cars for intermarket grain shipments, the training and examining of applicants for licenses, and the maintenance of standardized inspection equipment.

##### FEDERAL SEED ACT

Each State has a seed law that requires correct labeling of seeds offered for sale within its borders. The Federal Seed Act, which requires complete labeling of seeds in interstate commerce, supplements



these State seed laws. During the fiscal year reports and investigations of complaints charging violations of the act numbered 527—92 percent higher than during the preceding year. Criminal action was recommended in 44 instances representing 8 percent of the complaints. Seizure was recommended in 9 instances. Nine criminal cases and 3 seizure cases were terminated in the Federal courts. Twelve criminal cases and 5 seizure cases were pending in court when the year closed.

The act also prohibits the importation of agricultural and vegetable seeds that fall below fixed standards of quality. By amendments to regulations under the act the number of kinds of seeds subject to this control has been increased from 159 to 225. When offered for importation these seeds must be tested. Approximately 70.5 million pounds of seeds were offered for importation during the year. Of this quantity 60.3 million pounds were released as offered, and an additional 7 million pounds were released after they had been put into admissible condition.

#### MARKET NEWS

Work to improve the quality of the various grain, feed, and related market news services that farmers use was continued—particularly on the reporting of marketing conditions at interior points. The news service was administered from Washington through seven field offices. Spring wheat and flax areas were serviced from Minneapolis, corn from Chicago, and winter wheat and central western alfalfa and prairie hay from Kansas City. Livestock feeders and dairymen in the Southeastern States, where large quantities of grain and feed are obtained from other areas, were given information on available supplies and prices from an office at Atlanta. Atlantic coast dairymen and poultrymen received feed market information direct from the Washington office. Wheat and hop growers in the Pacific Northwest obtained market information from Portland, and the agricultural interests in California received grain, hay, rice, bean, and feed market information from the Federal-State market news service conducted at San Francisco and Los Angeles. Disseminated by radio, press, and direct mail, the information included data on market conditions, crop prospects, stocks, movement, disappearance, prices, and other domestic or foreign factors affecting farmers' markets. Reports at weekly, monthly, and less frequent intervals dealt with grain byproduct feeds and oilseed meals, alfalfa, barley, corn, dry beans, hops, oats, rye, soybeans, rice, and other related commodities.

#### STANDARDIZATION AND INSPECTION

Several closely related projects were planned to develop methods of better and quicker inspection service, to improve official standards and provide information for the promulgation of new standards, and to test samples and equipment used by the Department in operating inspection services and supervising inspections made by licensees.

These standardization and marketing-research projects included quality evaluation of experimentally grown wheat; variety identification studies of hard red winter wheat; photometric determinations of wheat protein; oil tests for flaxseed and soybeans; vitamin tests and assays; enrichment testing of commercial bread and rolls; studies

of deterioration in stored grain; studies of the milling, baking, and chemical properties of wheat; chemical analyses in the appraisal of the feeding value of hay; and the operation of hay-grading schools.

In addition to the research work, the facilities of the laboratory at the Agricultural Research Center, Beltsville, Md., were used to test and certificate a wide variety of processed commodities purchased by Government agencies, including all grain and cereal products, vegetable oils, shortening, soaps, soya products, and vitamin products. This task consisted of sampling and testing 36,000 lots of various sizes. In addition, more than 3,000 lots were examined and reported upon to determine their suitability for use in programs, for disposal as surplus, and for use as ships' stores. Most of the testing work was performed at the Beltsville laboratory, but commodities delivered at points too remote from Beltsville for prompt testing and certification were handled at selected laboratories under PMA supervision.

PMA inspects beans, peas, hay, hops, and rice. Official United States standards have been promulgated and inspection service has been established in important producing areas and at central market points for measuring the quality and condition of these commodities, which are inspected on request of interested parties. The services are operated as direct Federal services or through licensed inspectors under cooperative agreements with State departments of agriculture or other State agencies. A few are licensed under cooperative agreements with trade organizations. Certificates of inspection issued under official standards are recognized as commercial paper to evidence compliance with contracts, and the services have been used extensively for the protection of Government agencies engaged in procurement, loan, and price-support work. Rice inspections for the year totaled 21,000; hay inspections, 25,000; bean inspections, 4,625; and pea inspections, 12,000. The origin of approximately 72 percent of the alfalfa seed sold by producers to seed dealers was verified, and for the second straight year all the hops produced in the United States were inspected and certificated for leaf and stem content as well as for seed content. This task involved 296,000 bales and 2,766 inspections.

## LIVESTOCK, MEATS, AND WOOL

### PRODUCTION

Cattle numbers in 1944 and 1945 were near the maximum maintainable in years of favorable weather. For 1946, it seemed prudent for the cattle industry to market heavily and reduce numbers to a level better suited to average production capacity while the cattle were in good condition and prices were unusually favorable. Consequently, the suggested 1946 goal for beef cattle called for slaughter of about 35 million cattle and calves—a slaughter that by the end of the year would reduce cattle numbers to about 78½ million head, 4 million head fewer than the record peak at the end of 1943.

A 1946 spring pig goal of 52 million head was announced in October 1945. In June 1946, the actual spring crop was estimated to be about equal to the goal.

To check a downward trend in sheep numbers, the suggested 1946 goal for sheep and lambs called for a total slaughter of about 20 million head, as compared with an estimated slaughter in 1945 of 24.6

million head. Sheep numbers at the end of 1946, after realization of such a goal, would be 44.2 million head, or the same as 12 months earlier.

In February 1946, following announcement of the famine-relief program, the 1946 livestock goals were reviewed in the light of grain-export needs. It was decided to conserve grain by encouraging the marketing of hogs at lighter weights and of cattle with less finish. The 1946 fall-pig goal was set after the famine program began. Measures that raised grain prices, in order to supply more cereals for foreign relief, sharply reduced the hog-corn price ratio. On May 10, the national goal was set at 31.5 million head of hogs, about 10 percent fewer than were produced in the fall of 1945 but slightly more than the 1934-43 average. From the standpoint of demand for meat alone, the facts indicated prospects of a good market in 1947 for at least as many fall pigs as were marketed in 1946. But the unfavorable feed outlook necessitated the 10-percent reduction, which was apportioned among the States as follows: Corn Belt States, 9 percent; all other States, 12 percent. The June pig-crop report indicated a 17-percent reduction on the basis of breeding intentions.

#### SUBSIDIES AND PRICE SUPPORT

Under the beef-cattle feeding-subsidy program, payment of 50 cents per 100 pounds, live weight, was offered to cattle feeders on sales of eligible cattle for slaughter. In view of the feed situation and in compliance with the subsidy termination schedule of the Office of Economic Stabilization, the program was terminated on June 30, 1946. Up to that date payments under the program totaled \$34,704,000.

In August 1945 a program of payments to sheep and lamb producers was begun in order to encourage the raising of lambs and feeding to heavier weights. At the same time, payments made by the Reconstruction Finance Corporation to sheep and lamb slaughterers were discontinued. The highest payments were made on lambs weighing over 90 pounds during February through April. The authority for these payments expired June 30, 1946. Through that date payments totaled \$40,427,000.

These beef, sheep, and lamb payments, which helped producers to meet higher operating costs while preventing the raising of food prices to consumers, were handled in the field by the county committees (see p. 5).

A special related program was the wage-adjustment subsidy provided for at the time the 1946 meat-packing strike was settled. Wage increases granted to packing-house workers were retroactive to January 26, the date the plants involved were taken over by the Government. Compensating increases in meat prices, however, could not be granted by the Office of Price Administration until March 11. To bridge the 6-week gap, the Director of Economic Stabilization authorized additional subsidy payments to eligible packers. The Secretary of Agriculture was directed to determine the amount due each eligible packer and to certify the amounts for payment by the Reconstruction Finance Corporation. PMA handled the Department's part of the program. Approved packer claims for wage-adjustment subsidies totaled 138, amounting to \$1,141,993.



Developed during the year was a new type of hog-price-support program. Hogs are a so-called Steagall commodity, the price of which must be supported at not less than 90 percent of parity for at least 2 years beyond the formally declared end of World War II. Besides the geographical differentiation previously in operation, the new program provided a pattern of seasonal support-price variations to reflect normal changes in market prices. With prices at the same level throughout the year, producers tended to grow an ever larger portion of their pig crops for marketing during December and January—a marketing period for which production is most economical. This tendency made it increasingly difficult to support hog prices effectively and made less regular the distribution of pork and lard supplies for consumption during the year. For these reasons, it was recommended that the hog-support price vary through the marketing year in accordance with normal seasonal variations in hog prices.

The new hog-price-support program for the marketing year to begin on October 1, 1946, was announced on October 23, 1945, so that producers, while making their production plans, might know what the support price would be when the time came to market the hogs.

#### ORDERLY MARKETING AND PROCUREMENT

##### ORDERLY MARKETING

Meat distribution and the support of hog prices were controlled under War Food Order 75 and its companion set-aside orders, and under WFO 139, which provided for certification of noninspected slaughterers and for the movement in interstate commerce of meat produced by these slaughterers. In addition, an order controlling federally inspected slaughter (WFO 75.7) was in effect during the latter part of the year.

WFO 75, in effect all year, required slaughterers of federally inspected meat to pay support prices for hogs and to submit monthly slaughter reports. These slaughterers were required to set aside specified percentages of their production for purchase by the Government to meet military and export requirements for meat. The set-aside orders included were: WFO 75.2 (beef), WFO 75.3 (pork and lard), WFO 75.4 (veal), WFO 75.5 (lamb), and WFO 75.6 (mutton). During the year these orders affected the inspected slaughter of approximately 7,779,000 cattle and calves, 21,249,000 hogs, and 2,225,000 sheep and lambs. WFO 75.9, which required specified meat canners to set aside 60 percent of their weekly production for Government purchase, was in effect from June 6 through the rest of the year.

Following initiation of the famine-relief program in February, numerous steps were taken to facilitate meat procurement (see also p. 10). These included an increase of set-aside percentages and a strengthening of set-aside and delivery provisions. At the year's end the set-aside orders were taking approximately half of the lard and pork fat, a quarter of the pork, and almost an eighth of the beef of the federally inspected slaughter.

On April 28 the Department reestablished federally inspected slaughter-control measures. These were designed to direct distribution through regular and established channels.

With the temporary end of price control on June 30, 1946, all set-aside percentages were set at zero and WFO 75.7 was terminated.

## MEAT PROCUREMENT

PMA continued to procure meat to fulfill allocations from domestic supplies for the United Nations Relief and Rehabilitation Administration and other foreign claimants. The program was complicated by low receipts of livestock during much of the year, trade reluctance to participate, shortages of packaging materials, and work stoppages in packing houses and related industries. Set-aside orders were necessary to overcome these difficulties.

Purchases of meat and meat products, which were light during the first half of the year, increased by January and for the year totaled 1,317,708,000 pounds, as compared with 1,205,280,000 pounds during the previous year. (The figure for the 1946 fiscal year does not include purchases of canned and cured horse meat for UNRRA, which totaled about 18,400,000 pounds.)

During the last half of the year PMA bought 72,748 horses and 26,027 dairy cattle for delivery to UNRRA for rehabilitation use.

## WAR MEAT BOARD

The War Meat Board, dissolved shortly after the war ended, was reorganized as the USDA Meat Board in October 1945 and functioned throughout the remainder of the year. An important activity was its weekly series of meat-production data.

## WOOL PROCUREMENT

In January 1946, the wool purchase program was extended to cover the entire 1946 clip. As in past years, the Commodity Credit Corporation bought the wool from producers through established dealers and cooperative associations that serve as handlers for CCC. The class, shrinkage, and value of each lot were determined by Government appraisers in accordance with a schedule of purchase values. The prices CCC paid for shorn and pulled wool, based on Office of Price Administration ceiling levels, averaged about 42 cents a pound on a national basis.

During the year, purchases of domestic wool totaled an estimated 316 million pounds. Sales from CCC stocks—largely into commercial channels—totaled 181 million pounds. As the year ended, the total CCC inventory, including stocks held over from former years, was estimated at 447 million pounds.

The selling price of CCC-owned wool was adjusted downward to encourage wool use in domestic mills. Sales volume was lower than in 1945 owing largely to the cancellation of Army contracts.

In 1946, for the first time, the core testing of grease wool to determine shrinkage became a part of the appraisal program.

## REGULATION

## PACKERS AND STOCKYARDS ACT

The Packers and Stockyards Act gives the Secretary of Agriculture supervision over the operations of packers, stockyard companies, market agencies, dealers, and licensed poultry handlers, and authorizes him to regulate rates and charges for services at stockyards and designated poultry markets.

Petitions for increased yardage and commission rates were restricted to a level generally representative of actual increased labor costs plus other essential increases. A provision that stockyard companies who seek additional revenues must obtain a part of them by assessing yardage charges against dealers and traders saved farmer-producers \$222,000 in three markets alone.

Table 7 shows the number of agencies and persons registered under the act during the 1946 and the 1945 fiscal years.

TABLE 7.—*Number of agencies and persons registered under the Packers and Stockyards Act, fiscal years 1945 and 1946*

Fiscal year ended—	Stock-yards posted	Market agencies registered	Dealers registered	Packers under supervision	Poultry licensees
	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>	<i>Number</i>
June 30, 1945-----	196	1, 972	2, 506	1, 332	1, 538
June 30, 1946-----	193	2, 018	2, 690	1, 340	1, 549

#### DISPOSAL OF GOVERNMENT-OWNED SURPLUS PRODUCTS

Approximately 13.7 million pounds of Government-owned surplus meat and meat products, largely salt pork, were sold into civilian channels to relieve acute shortages in certain areas.

#### MARKET NEWS

Demand continued heavy for information on supplies, prices, grades, price-control programs, and Government purchases. PMA provided current and historical information on production and marketing by means of daily market reports on livestock, meats, and wool.

Market news field offices were operated at 29 public markets and in 2 direct-marketing areas. The service was established at Billings, Mont. Sheep and lamb reports were added at Des Moines, in cooperation with the State of Iowa.

#### STANDARDIZATION, INSPECTION, AND GRADING

##### STANDARDIZATION

Revision and modification of existing standards for cattle, and for beef, veal, lamb, and mutton were studied extensively. Progress was made in the preparation of a grade standard for pork carcasses, to replace existing "judgment" methods. Tentative specifications embodying standard grade descriptions of meat and meat products were prepared for use by Federal, State, county, municipal, and private-institutional purchasing agencies. In demonstrations conducted in Minnesota, Iowa, Missouri, Kansas, North Carolina, South Carolina, Georgia, and Alabama, cattle and lambs were judged and graded and the grades were correlated with those of the dressed carcasses. PMA continued to cooperate with the Bureau of Animal Industry in



studies of the grading of experimentally produced hogs and cattle. The University of Minnesota was assisted in a study of the marketing of slaughter livestock on the basis of carcass weight and grading.

#### MEAT INSPECTION

At the end of the year, animals and meat and meat products were being federally inspected at 554 slaughtering establishments (with or without meat processing) and 474 processing establishments—1,028 establishments in all.

New inspection labels and sketches for labels submitted for approval numbered 15,919—1,856 more than in 1945.

Ante mortem inspections were made of 82,817,790 animals, of which 34,049 were condemned and 233,737 were marked "suspect," and post mortem inspections were made of 82,781,260 animals, of which 319,091 were condemned. Somewhat smaller than in 1945, these totals were in line with the decreased animal slaughter.

More than 1,379,752,000 pounds of meat and meat products for foreign commerce were inspected.

#### GRADING

Meat grading was conducted from 45 main stations and 180 sub-stations. Federal graders handled more than 90 percent of all carcass beef, veal, lamb, and mutton slaughtered. Approximately 12 billion pounds of meats and lard were graded, plus sizable quantities of by-products.

### POULTRY AND EGGS

#### PRODUCTION

The 1946 poultry and egg goals called for a reduction of 13 to 15 percent from 1945 production. Although no goal was established for broilers, a production of 30 percent less than that of 1945 was suggested. PMA officials believed such reductions were a necessary step toward orderly reconversion and postwar stability.

To emphasize the necessity, PMA in November 1945 launched a culling program that was continued through the following spring, the accent becoming heavier in May and June as a result of the critical feed situation.

Fulfillment of the 1946 egg-production goal, which had been reduced by 15 percent, would have provided a supply large enough for all foreseeable requirements. Without such a cut, there were prospects that Government buying for price support would run from 15 to 20 million cases of eggs above indications of actual domestic, military, and foreign requirements. The meat-chicken and turkey situation was similar because production of these products had been expanded materially to meet wartime needs.

#### PRICES AND PRICE SUPPORT

As a consequence of the sudden end of the war and the prospect of heavy price-support buying of eggs, meat chickens, and turkeys to carry out requirements of the Steagall Amendment, PMA developed

and the Secretary approved a price-support program for each of these commodities. The program for eggs became effective December 19, 1945; for poultry, March 6, 1946; and for turkeys, March 21, 1946.

The 1946 egg program provided for the support of farm egg prices during the remainder of the 1946 fiscal year at 90 percent of parity through the purchase of up to 20 million cases of shell eggs (or the equivalent in dried or frozen form). Primary emphasis was on dried eggs, secondary on frozen; shell eggs were to be bought only in areas where egg-breaking and egg-drying facilities were unavailable.

Vendors selling either dried, frozen, or shell eggs to the Government were required to certify that throughout the spring months they had paid producers in the Midwestern States an average of not less than 27 cents a dozen, farm price.

Support prices for chickens were established to reflect a United States average farm price for poultry of 18.3 cents a pound, live weight, and for turkeys of 20.3 cents a pound, live weight, with variations for type, weight, and location.

As it turned out, however, price-support operations were little needed. PMA developed a Nation-wide consumer-use program, in which industry organizations took an active part, that helped ease a temporary surplus of poultry and turkeys. Price-support operations for eggs also were held to a minimum. Major reasons were (1) a greater-than-expected per capita rate of egg consumption domestically, (2) a record into-storage movement, and (3) the development early in 1946 of extensive foreign demands, largely British.

Government price-support buying in the last half of the fiscal year was limited to the purchase of 100,000 pounds of dried whole eggs, less than 5 million pounds of frozen eggs, and no shell eggs.

PMA recommended and the Secretary approved: Amendments 7 and 8 to Revised Maximum Price Regulation 333 (eggs), amendments 9, 10, and 11 to Second RMPR 269 (poultry), and two amendments to Supplementary Order 132 (price-ceiling suspension). To encourage production, PMA also recommended upward revision of ceiling prices for wooden egg cases.

Dried-egg procurement for foreign countries began when PMA in January announced a program for the purchase of 8,500,000 pounds to complete "pipe line" obligations and to fill the first of the cash sales—3,340,505 pounds for the French. Subsequent British requirements increased the quantity bought in the fiscal year on a cash-sales basis to approximately 62 million pounds.

A cash-sales program calling for procurement for the British of 35,840,000 pounds of frozen whole eggs was launched on June 4, 1946. This required delivery of the full quantity by December 31, 1946. About 32 million pounds were sought in the open market to fill the order. PMA used 4 million pounds of the fewer than 5 million pounds obtained under price-support operations.

#### WAR FOOD ORDERS

War Food Orders 106 (turkeys), 119 (poultry set aside), and 142 (poultry and processed poultry), under which large quantities of turkeys and meat chickens were obtained during the war, were terminated in September 1945.

**DISPOSAL OF GOVERNMENT-OWNED SURPLUS PRODUCTS**

During the year, PMA activities connected with the sale and distribution of Government-owned surplus poultry products were confined largely to the preparation of dockets and information concerning possible outlets for such commodities purchased to support prices.

Cash sales of eggs to foreign claimants made unnecessary the distribution of eggs to the school lunch program and other domestic outlets. Neither poultry meat nor turkey meat was distributed because these commodities had not been purchased for price support.

PMA is responsible for all sales of CCC-owned poultry and egg products and similar products declared to be surplus by other Government agencies under the Surplus Property Act. Surplus property handled was: Frozen whole eggs, 73,101,230 pounds; frozen yolks, 11,070 pounds; technical albumen, 11,864 pounds; and frozen poultry, 839,848 pounds.

In addition, the following CCC-owned commodities were sold: Inedible frozen eggs, 1,421,550 pounds; edible frozen eggs, 35,730 pounds; inedible dried whole eggs, 546,554 pounds; edible dried eggs, 18,521 pounds; canned boned chicken and turkey, 559,008 pounds; shell eggs, 1,400 cases; edible albumen, 200 pounds; and shell-egg cases, 360.

**MARKET NEWS**

Market news work for both dairy and poultry products is handled by the same personnel. The account covering market news of dairy products (see p. 41) applies equally well to poultry products.

**STANDARDIZATION, INSPECTION, AND GRADING**

Suggested revisions of quality standards for individual shell eggs and of consumer grades for shell eggs were prepared. Regional and State meetings, held to discuss the proposed revisions and to obtain further suggestions, began in the Northeast and were being continued in other sections.

Much of the year's grading and inspection was of Government purchases, chiefly poultry and dried and frozen eggs. The grading of dressed poultry was expanded considerably, and that of shell eggs was continued.

Since large supplies of Government-owned products remained in public warehouses, it was necessary to examine the condition of these products before disposing of them.

After the termination of WFO 119 (poultry set aside), the grading work that had been done for the War Shipping Administration gradually decreased as many ships were returned to private operation.

**PROGRAMS FOR ORDERLY DISTRIBUTION**

PMA developed a consumer-use program for eggs, meat chickens, and turkeys (see p. 64). The consumer-use program for meat chickens supplemented the culling campaign (see p. 63) started late in 1945 to reduce laying flocks. Program activities were accented in February and March, when temporary surpluses caused sharp declines in prices of broilers and fryers. In May and June the campaign scope again became national as a part of the stepped-up culling program occasioned by the critical feed situation at that time.



The turkey program was aimed at relieving a surplus, particularly of heavy tom turkeys that had been produced in large numbers for military requirements.

Industry organizations and the national and State press and radio organizations cooperated in both programs.

Also aimed at improving the marketing of poultry products was the voluntary Nation-wide program that PMA developed during the year with the cooperation of industry leaders and State marketing officials to promote the conservation of quality.

For eggs, a stepping up in the program, planned to cope with the usual post-Easter demand slump, was unnecessary because this year no egg surplus of consequence developed.

#### DEVELOPING, PROCESSING, AND MARKETING ECONOMIES

Because heavy losses had resulted in 1945 in the handling and transporting of shell eggs, PMA in cooperation with the Forest Products Laboratory at Madison, Wis., tested the materials, construction, and utility of fiber and wooden egg cases, fillers, flats, and pads. Railroads helped by making actual transportation tests for comparison with laboratory tests.

PMA also studied the supply situation of various types of poultry and egg containers, wrappers, and liners.

#### SUGAR

World production of beet and cane sugar, which averaged about 34.5 million tons (raw value) before the war, was estimated at 27.2 million tons for the 1945-46 crop season. Consequently, international allocation continued to be necessary, and consumption controls in the major importing nations were essential to assure equitable distribution and avoid inflation.

#### INTERNATIONAL ALLOCATIONS

For the calendar year 1946, the Combined Food Board, of which the Secretary of Agriculture was a member, recommended an international allocation of sugar that would permit a per capita consumption of about 73 pounds of refined sugar in the United States, the United Kingdom, and Canada. For liberated areas, the curtailed home production and supplies from other sources were supplemented by allocations out of Cuban supplies to provide minimum ration needs calculated as a percentage of their prewar consumption. The ration level in such liberated areas was much lower than that in the United States, the United Kingdom, and Canada.

#### PURCHASE PROGRAMS

Purchase of the 1946 and 1947 Cuban sugar crops brought the total of Cuban crops purchased by the United States to six. The 1946 and 1947 crop-purchase agreements provide for a basic price of 3.675 cents per pound which is to be modified to recognize: (1) Increases in food costs and living costs, (2) upward revision of sugar price ceilings, (3) higher prices for sugar producers in Puerto Rico, (4) reductions in duty, and (5) purchases from foreign countries by the United States

at prices above the Cuban level. A new pricing procedure must be agreed upon if the price of sugar is decontrolled during the life of the agreement. The Government also purchased the 1946 Puerto Rican and Virgin Islands crops and a considerable quantity of privately owned sugar in Peru.

#### REFINED-SUGAR PURCHASE PROGRAM

During the first half of the fiscal year, the Department purchased refined sugar from United States primary distributors, and from Cuba and Peru for resale to foreign countries to whom allocations of sugar were made in accordance with the Combined Food Board's recommendations. Approximately 150,000 tons were shipped to foreign claimants, of which 64,000 tons were shipped through the United States for refining, 67,000 tons were shipped direct from Cuba, and 19,000 tons direct from Peru. After January 1, 1946, however, when the procurement of food for export was returned to commercial channels, the only sugar procured by the Department was for the United Nations Relief and Rehabilitation Administration, the Commonwealth of the Philippines, and the French colonies. Under this latter procurement program, refined sugar amounting to 109,000 tons, raw value, were shipped during the last half of the fiscal year. This represents allocations of Cuban sugar, the greater part of which was refined in the United States.

#### PRICE SUPPORT

To assure maximum production in the domestic areas, 1946-crop programs patterned after those of other years were announced in August 1945. Sugar-beet producers were guaranteed a national average return of about \$13.50 per ton of sugar beets—\$1 per ton more than in the previous year. This return included an announced price-support payment of approximately \$4 per ton for average quality beets. The announcement also provided for a price-support payment to Louisiana and Florida sugarcane producers of about \$2.10 per ton of sugarcane—about 50 cents per ton more than under the 1945 programs. Producers in Hawaii and Puerto Rico were also to receive about \$2.10 per ton—about 90 cents more per ton of cane in Hawaii, and about \$1 more in Puerto Rico. (The obligation to pay support payments are to be reduced by price increases when effective.)

On the 1945 crop, sugar-beet processors were to receive assistance payments of about 18 cents per hundred pounds of refined sugar to offset increased production costs. Domestic-cane processors were to receive about 15 cents per hundred pounds of sugar, raw basis, provided processors' direct production costs increased over those of the base year by 15 cents or any part thereof. The program also provided for reduction of obligations as prices increased and increases were effective.

In addition, primary distributors were reimbursed for excess costs, incurred when sugar was marketed in abnormal territories. The contract providing for the sale of Government-purchased raw sugar to refiners, under which the Government absorbed certain cost items of extra ocean-freight, marine, and war-risk insurance, demurrage, and abnormal handling, was continued with little change.

## SUGAR ACT ACTIVITIES

Wage requirements to be met by sugar-beet and sugarcane growers as a condition to receiving payments under the Sugar Act of 1937, as amended, were again established for all domestic sugar-producing areas. Minimum wage rates were increased in the sugar-beet area and Florida about 17 percent above 1945 and in Louisiana about 8 percent. Wages in Puerto Rico were higher, since under the determination they were based on sugar prices. Hawaiian rates were established at increased levels as negotiated between unions and producers.

Determinations of fair and reasonable sugar-beet and sugarcane prices and soil-conserving practices were issued for all domestic areas. Disbursements under the Sugar Act of 1937, as amended, in connection with 1945 domestic crops were estimated at \$50,565,000.

## WAR FOOD ORDERS

War Food Order 131.1, which limited the distribution of refined sugar by primary distributors to quantities allocated, was in force from June 13, 1945, until the end of December 1945. WFO 51 was continued. The purpose of WFO 51, which restricts the distribution and use of edible molasses, is to prevent the diversion of sugarcane to the production of nonrationed sweetening products. WFO 7, under which raw sugar is allocated to refiners, continued in force.

## PROGRAM COSTS, DISTRIBUTION, AND STOCKS

During the calendar year 1945, deliveries of sugar by primary distributors for consumption in the United States and by the American armed forces abroad totaled 6,041,382 short tons, raw value. This compares with 7,147,350 short tons in 1944; 6,334,713 tons in 1943; and 5,466,204 tons in 1942.

As the fiscal year ended, sugar stocks on the mainland amounted to 1,418,532 short tons, raw value. This figure compares with the very low figure of 1,227,090 short tons for 1944; 1,751,348 for 1943; and 2,136,230 for 1942.

The net cost of sugar programs undertaken by the Commodity Credit Corporation for the fiscal years 1944, 1945, and 1946 was about 126.5 million dollars. Collections by CCC for these 3 years, as a result of the duty-free entry of sugar and sale at a duty-paid price, were about 84 million dollars.

Under the Sugar Act of 1937, county committees administered the payment of approximately 51 million dollars on the 1945-46 sugar-beet and sugarcane crops to about 90,000 producers in the continental United States, Hawaii, Puerto Rico, and the Virgin Islands.

Committee responsibilities included the determination of planted, abandoned, and harvested acreage, and the eligibility of growers for abandonment and deficiency payments. The committeemen also checked compliance with the labor, wage, price, and soil-conservation requirements of the act.

## TOBACCO

## PRODUCTION

On July 1, 1945, marketing quota programs were in operation for the two major kinds of tobacco—flue-cured and burley. During the ensuing year marketing quotas were proclaimed and approved by



growers in referenda for fire-cured and dark air-cured tobacco for the years 1946, 1947, and 1948. No other kind of tobacco was in a quota position under the terms of the Agricultural Adjustment Act of 1938, as amended. Determinations of the amounts of the national marketing quotas were made after full discussion and study by PMA in cooperation with other Department agencies, other Government departments, State and county committee representatives, farm organizations, and trade interests. Similar meetings and discussions were held regarding the procedure and regulations for establishing individual farm-acreage allotments and enforcing marketing quotas. Penalties collected on the marketing of excess flue-cured and burley tobacco from the 1945 crop totaled more than \$3,800,000. Production goals were determined and recommended for each type of tobacco.

#### LOANS AND PRICE SUPPORT

During the year Commodity Credit Corporation funds were used in three programs—(1) tobacco procurement, (2) loan, and (3) subsidy for nicotine diversion.

Under the procurement program 318 million pounds of flue-cured tobacco were acquired for about 147 million dollars (including handling charges). This tobacco was purchased through regular market channels by 50 tobacco dealers to meet British Government requirements.

Loans at 90 percent of parity were offered on burley tobacco; as a result of this program approximately 20 million pounds of tobacco were placed under loan. Loans were also made available on fire-cured and dark air-cured tobaccos at 75 and 66⅔ percent, respectively, of the burley loan level. Under the loan programs, loan agreements were made under which cooperative associations and other organizations received, redried, packed, and stored tobacco. CCC funds bearing interest at 3 percent were made available on tobacco after it was redried, packed, and stored.

A subsidy program was conducted to divert tobacco from normal trade channels into nicotine. Approximately 5 million pounds of low-grade tobacco were diverted at a cost of about 1 million dollars.

#### MARKET NEWS

Distribution of market news reports made to the press, radio, growers, tobacco trade, and others ran to 760,000 copies—an increase of 100,000 copies over the previous year which resulted from extension of the inspection service to 7 additional auction markets. About 80 percent of the reports were distributed to growers present at auction sales. Daily and weekly reports were furnished from 10 temporary offices and permanent offices at Raleigh, N. C., and Louisville, Ky. Service was provided on 605 auction floors located at 115 marketing centers in 12 States. Market reviews were issued at the close of the season for flue-cured, light air-cured, fire-cured, and dark air-cured types. The reviews are a compilation of data including market opening and closing dates; the number of sales floors; sets of buyers; warehouse charges; a summary of sales by crop years, types, grade averages, markets, and States.

## STANDARDIZATION AND INSPECTION

Standard grades of tobacco were demonstrated to approximately 60,000 growers. In addition, numerous meetings were held with college students and 4-H Club members.

Studies looking to the issuance of official standard grades for Maryland tobacco (type 32) and revision of official standards for flue-cured tobacco (types 11-14) were continued. The studies were seriously impeded, however, by lack of suitable laboratory space.

Quarterly reports of stocks of each tobacco type held by United States manufacturers and dealers were published and circulated in the industry. The annual report on tobacco statistics was expanded.

Tobacco inspection service was maintained on 117 out of 148 auction markets, of which 142 had been designated by the Secretary under the Tobacco Inspection Act. Over 1,685 million pounds of tobacco were inspected—about 84 percent of the total sold at auction. In addition, about 20 million pounds of redried tobacco were inspected for cooperative marketing associations, and about 5 million pounds were inspected in connection with the nicotine-diversion program.

The inspection service covered all auction markets on which fire-cured, dark air-cured, and burley tobaccos were sold and 53 out of 78 markets on which flue-cured tobacco was sold. Service for Maryland tobacco or the cigar types was not begun. Some markets selling flue-cured tobacco were not inspected because of a shortage of trained personnel.

## MARKETING QUOTAS

Marketing quotas were in effect during 1946 on four types of tobacco—burley, flue-cured, fire-cured, and dark air-cured.<sup>5</sup>

Flue-cured and burley farm-acreage allotments for 1946 were the same as for 1945 except that owing to the supply situation, all flue-cured allotments were increased 10 percent and all burley allotments were reduced 10 percent. Acreage allotments for fire-cured and dark air-cured farms were established in 1945 (calendar year) for the first time since 1943. The allotments were based on marketings from the farms during the preceding 5 years, consideration being given to adjustment factors provided by law.

Quotas for any crop can be applied only after approval by at least two-thirds of growers voting in a referendum. In a referendum in October 1945, 90.8 percent of the fire-cured growers and 96.1 percent of the dark air-cured growers favored the application of quotas for 3 years.<sup>6</sup>

In administering marketing quotas in the 1946 crop year, county and community committeemen established acreage allotments and normal yields for 539,894 farms, notified farmers of their allotments, determined by measurements the acreage actually planted on each farm, estimated the production on these farms where planted acreage exceeded farm allotments, issued marketing cards to identify the

<sup>5</sup> The quota for an individual farm is the actual production from the acreage allotted to that farm. Penalties are assessed on tobacco marketed in excess of the quota for that farm.

<sup>6</sup> On July 12, 1946, after the fiscal year closed, 98.4 percent of the flue-cured growers voted in favor of marketing quotas. Approximately 70 percent of the eligible growers participated in this referendum.

tobacco marketed from each farm, and reviewed the records of marketings from each farm.

Penalties collected on the 1945 crop amounted to \$3,852,210. The average annual collection of penalties from 1938 through 1945 was \$1,181,982.

#### MATERIALS AND FACILITIES

PMA made a number of recommendations for the benefit of the Civilian Production Administration and other agencies handling the distribution or allocation of scarce materials and facilities for producing, processing, and manufacturing tobacco. The most important items considered were coal, tobacco, cloth, tobacco twine, curing facilities, and tobacco containers.

#### OTHER COMMODITIES

Coffee, gum naval stores, fish, vitamin products, and yeast were among the more than 100 unrelated commodities<sup>7</sup> whose production or distribution was under some degree of control by PMA. When the war ended, it was at first believed that much of the work affecting these commodities could stop. But the dislocations resulting from the war were such that many of the commodity programs had to be continued and some of them had to be expanded.

#### PRODUCTION, ALLOCATION, AND PRICE CEILINGS

Major commodities for which programs for production goals, allocation, and price ceilings were conducted were as follows:

Argols and tartaric acid were allocated on the international level.

Citric acid was not under allocation, but beet molasses, on which its production depends, was being allocated by the Civilian Production Administration on the basis of PMA recommendations.

Cocoa beans were under both national and international allocation. PMA's work established grinding quotas and assured equitable distribution.

Distilled spirits, wine, and malt beverages were not under allocation. Beer production and distribution were controlled under War Food Order 66, which required 4 percent of brewery production to contain less than 3.2 percent of alcohol and to be set aside for purchase by the armed forces.

Fish production goals were established for United States and Alaskan fisheries for the 1946 calendar year. Allocation of canned and cured fish was undertaken on both national and international levels. Fish production and requirements were estimated for the Combined Food Board. The United States share of the international pack was reallocated to the trade. Imports of fish from Norway, Canada, Newfoundland, Spain, and Portugal were distributed on a quota basis. PMA also worked with OPA to revise price ceilings on fish and fish products. On May 20, 1946, OPA suspended ceilings on all fresh and frozen fish.

---

<sup>7</sup> The group included argols, baking powder and baking soda, beer, candy, citric acid, coconuts, coffee, distilled spirits, fish, gelatin, grapefruit oil, honey, ice, lemon extract, lemon oil, malt beverages, malt vinegar, maple sirup and maple sugar, meat sauces, gum naval stores, nicotinic acid, pepper, peppermint oil, pre-cooked baby cereal, salt, spearmint oil, spices, summer oil spray, taploca, tartaric acid, tea, vanilla extract, vitamins and vitamin oils, wine, and yeast.



Honey production was augmented by an increase in the number of colonies of bees. An 8-percent rise was called for in 1946, aimed chiefly at better pollination of legume and forage crops. PMA consultation with the Office of Price Administration brought some revisions in price ceilings for honey.

Ice price ceilings were revised at PMA's request by OPA in order to expedite the purchase of car ice by transportation companies.

Lemon oil was under national and international allocation until December 31, 1945, when adequate supplies ended the necessity for controls.

Maple-sirup and maple-sugar price increases were obtained after PMA recommendation.

Pepper, cinnamon (cassia), mace, and nutmeg were under allocation on both national and international levels as the year began. Supply increases made it possible to decontrol cinnamon and cassia by May 1. From OPA, increases were obtained in the ceiling prices of black and white pepper.

Peppermint oil was under allocation.

Rosin and turpentine were in extremely short supply during the year. In order that price ceilings might match the cost of production, PMA recommended increases and OPA ordered them in August 1945.

Spearmint oil required price increases during the year. PMA recommendations were approved by OPA.

Tea was distributed on a quota basis to assure equitable apportionment of allocations by the Combined Food Board. PMA also worked with OPA to revise the price schedules on tea.

Vitamin A, in short supply, was under allocation to various United States claimants. Vitamin prices were studied, but ceiling changes were not recommended.

Yeast in all forms was removed from allocation control early in the year.

#### SUBSIDIES AND PRICE SUPPORT

Price-support activities in this group during the year were concerned largely with gum naval stores, for which a price-support loan program was in effect, although stocks of some other commodities left over from previous price-support programs were in liquidation.

The price-support program for gum naval stores provided for loans at 90 percent of parity for the 1945 and 1946 crops of gum rosin and gum turpentine. The program was undertaken to encourage expanded production of these products in order to relieve war-developed shortages.

Subsidy operations affected coffee and pepper. The coffee-subsidy program, adopted November 17, 1945, to counteract shortages stemming from producer resistance to price ceilings, provided for payments of 3 cents a pound on an amount not exceeding 6 million bags of green coffee imported into the continental United States for domestic consumption. The subsidy was paid to importers on the basis of quotas assigned to them under WFO 63. These quotas were based on the importers' 1941 operations. Purchases under the program totaled 4,304,000 bags on January 10, 1946, or 72 percent of the amount authorized. The program was later

extended to permit the purchase of 7,500,000 bags, and by June 24, 1946, the purchases numbered 5,454,464 bags.

The subsidy program on pepper was adopted in February 1946, in order to secure a fair share of the scarce supplies. World prices were higher than those permitted in the United States by the Office of Price Administration, and the subsidy was adopted to meet this competition.

#### PROCUREMENT

##### FOR UNRRA

PMA procured many of the commodities in this miscellaneous group for the United Nations Relief and Rehabilitation Administration. This agency often needed items, such as vitamin oils, that required special processing.

Major items procured were baking powder and baking soda, candy, chocolate products, various spices, salt, coffee, various species of canned and cured fish, lemon extracts, gum and wood rosin and B-wood resin, gum turpentine, pine pitch, tea, vitamin products, nicotinic acid, and prisoner-of-war packages.

##### FOR CASH-PAYING GOVERNMENTS

PMA also procured some of these commodities for cash-paying Governments, principally Italy, France, and Great Britain. The major products procured were canned fish, summer oil spray, vitamin products, peppermint oil, turpentine, and pine pitch.

##### FOR LEND-LEASE

Numerous requests for specified products were received from Great Britain, the Soviet Union, and other countries operating under the lend-lease program. The principal commodities ordered were active dry yeast, canned fish, malt vinegar, and meat sauces. United States military requirements for active dry yeast were so great that PMA could not obtain enough of it to meet orders. There was an excess of malt vinegar and meat sauce supplies because Great Britain, which had ordered the supplies, did not take full delivery. The excess was sold domestically.

##### FOR THE ARMY AND NAVY

Through the Commodity Credit Corporation, PMA purchased considerable quantities of canned fish. Military requirements were included under the set-aside provisions of WFO 44, and the Army and Navy were given priority over other claimants. Deliveries of canned salmon were completed by September 15, 1945, and of other species shortly thereafter.

##### FOREIGN PURCHASE PROGRAMS

PMA handled foreign purchase programs for argols and crude tartrate; teas from India, Ceylon, and British East Africa; cocoa beans from West Africa; whole black pepper from India; and salted fish from South America and Newfoundland.



## REGULATION

## WAR FOOD ORDERS

War Food Orders affecting the miscellaneous group of commodities and administered by PMA are indicated as follows:

WFO 19 controls the distribution of certain scarce spices.

WFO 21 provides for equitable distribution of teas imported by the United States Commercial Company and the Commodity Credit Corporation.

WFO 25 allocates cocoa beans to grinders on the basis of 1941 capacity.

WFO 44 requires that a quota of canned fish packs be set aside for Government purchase. Emphasis was shifted from war to relief needs during the year.

WFO 47 establishes limitations on the use of honey. The order was designed to keep honey in normal channels during the sugar shortage.

WFO 63 provides that only authorized persons may import any of the 106 foods and commodities listed in the order. Included are: Alewives and other pickled or salted fish; canned clams; pickled or salted cod; haddock, hake, pollock, and husk; canned crabmeat; fish flakes, balls, and pudding; other canned fish, fish paste, and fish sauce; canned, smoked, and kippered herring; canned lobsters, lobster paste, and lobster sauce; canned oysters; canned salmon; sardines, canned and in oil; and canned tuna.

WFO 66 regulates the flow of grain and grain products to brewers. Amendments 11 through 14, issued up to the middle of January 1946, successively lightened restrictions. On March 1, however, the severe world famine crisis forced drastic curtailment of grain supplies for brewers. A result was the issuance of amendment 15, which was expected to save 18,828,000 bushels of grain for food use during the following 12 months.

WFO 72 provides for equitable allocation of imported salt fish among qualified importers.

WFO 146 limits the inventory allowance of coffee for importers to a 1 month's supply and for roasters to a 3½ months' supply.

WFO's 18, 81, and 112, controlling imported tea, peppermint oil, and active dry yeast respectively, were terminated during the year.

## NAVAL STORES ACT

Routine service inspections of naval stores have been carried on under the 1923 Naval Stores Act; 3,600 certificates covering approximately 125,000 drums of turpentine and rosin were issued during the year. Simplification of testing methods has been achieved by research in this field. The service inspection force was active in inspecting and certifying naval stores purchased by Federal agencies for lend-lease and other foreign claimant programs. Seventeen notices of minor infractions against legal standards were delivered.

The 1946 naval stores conservation program, for which funds are made available from the appropriation for administration of the Soil Conservation and Domestic Allotment Act, was developed cooperatively by PMA and the Forest Service of the Department. The pro-



gram encourages the conservation of timber resources and stimulates production of gum naval stores. The Forest Service is responsible for its administration in the field. Participating in the program were approximately 2,500 turpentine farmers in the Southern States, who represented 85 percent of the total gum naval stores production. For complying with approved turpentine practices, farmers were paid 1 cent per working face. The 1946 program was planned within funds of about \$900,000.

#### INSECTICIDE ACT

This act is intended to protect producers as well as the general public from misbranded and adulterated insecticides, fungicides, and disinfectants. Of 1,906 commercial products examined, 417 failed to comply fully with the law and appropriate action was taken on them.

The work was greatly increased by the release for civilian use of materials developed during the war. Foremost among these was DDT. Special notices issued to the trade encouraged the submission of proposed labels and formulas for inspection. From October 1945 through May 1946, about 6,000 labels were submitted for comment. As a result of special efforts to hasten the correct labeling, much misbranding was avoided.

#### DISPOSAL OF COMMODITIES

Commodity Credit Corporation inventory disposed of during the year included a small quantity of canned and cured fish that was unsuitable for export, and the total United States allocation of India, Ceylon, and British African tea.

#### MISCELLANEOUS MARKETING ACTIVITIES

During the year PMA studied marketing conditions affecting coconuts, fish, flavoring extracts, gelatin, gum naval stores, honey, ice (natural and dry), maple sirup and maple sugar, peppermint oil, precooked baby cereal, tapioca, tea, and yeast (active dry, brewer's residual, leavening, and nutritional).

Ice was rationed in California on a voluntary basis to meet heavy transportation requirements of the perishable-crop season. Other measures were taken in cooperation with industry and other Government agencies to reduce the serious shortage of car ice early in the year. Work was done with the Civilian Production Administration to get new ice plants under construction to prevent such emergencies in the future. Steps were also taken to increase supplies of dry ice.

Peppermint oil was analyzed for defects because some of it was failing to meet United States Pharmacopoeia requirements. The results were made available to peppermint growers.

Yeast conservation programs and production increases were fostered. Studies of the food value of yeast were made with a view to enriching flour and other products.

Storage-plant priorities for the fishing industry were reviewed, and some construction authorization was obtained.

